HELPING MAINSTREET

EXECUTIVE SUMMARY

NEIGHBORHOOD STABILIZATION PROGRAM (NSP)
SUBSTANTIAL AMENDMENT

STATE OF COLORADO

The State of Colorado is submitting its application for $37.9 million in Neighborhood Stabilization Program funds. These funds represent our share of $3.92 billion approved by Congress in July 2008 as one part of the response to our housing foreclosure crisis. These funds provide another tool to further the State's long standing efforts to respond to this crisis.

Colorado began to experience significant foreclosure increases in the fall of 2005. In 2006, Realty Trac ranked Colorado Number 1 in the nation, indicating that one in every 376 households was in foreclosure. The increase of completed foreclosures in Colorado from 2003 to 2008 was 235%. This increase was substantially driven by the great over supply of new housing units, coupled with poor lending practices. With the success of the Colorado Foreclosure Hotline, steady job growth and relatively low unemployment during the first part of the year, it appears that the rate of completed foreclosures for 2008 will be generally flat. But with a rapidly faltering national economy, recent rises in unemployment and job loss, Colorado may face a new wave of increased foreclosure sales.

Colorado began to experience significant foreclosure increases in the fall of 2005. From 2005 to 2006, new foreclosure filings increased 30 percent, and from 2006 to 2007, new filings increased 40 percent. Foreclosure activity fell slightly during 2008 as compared to 2007, but since the first quarter of 2009, foreclosure activity has increased, with new foreclosure filings hitting new highs with 13,000 new filings during the third quarter of 2009. Annual foreclosure filing totals peaked in 2007 at 39,900 new filings, but 2009 totals are expected to exceed 44,000 by the end of this calendar year.

Unemployment has moderated in recent months, but with unemployment rates at fifteen-year highs, and with adjustable rate-mortgages continuing to readjust through 2011, high foreclosure rates are expected to persist through the next 24 months.

Even a small number of foreclosures in a community can drag down house prices and clog local housing markets. According to a 2006 study entitled "The External Costs of Foreclosure," by Dan Immergluck of the Georgia Institute of Technology and Geoff Smith of the Woodstock Institute, each conventional foreclosure within an eighth of a mile of a single-family home results in a decline of 0.9 percent in value, and perhaps as high as a 1.44 percent loss in value for the nearby home.

Twelve Colorado counties are experiencing declining property values at rates between 1.5% - 13.22%. These communities are: the counties of Adams, Arapahoe, Broomfield, Denver, Douglas, El Paso, Jefferson, Larimer, Weld, Pueblo, and the cities of Aurora and Colorado Springs.

Most of the foreclosure prevention strategies utilized by trained housing counselors and loss mitigation departments, such as forbearance, loan restructure, refinance, short sale, all depend on value of the property in relation to the amount of debt owed. Options for the property owner become more limited as the property continues to decline in value coupled with an unfavorable credit market.

Now we are moving ahead with these new resources to meet three specific goals:

1. Assist in stabilizing the property values in targeted communities by decreasing the rate of decline in property values in the nine counties with the highest foreclosure rates.

2. Purchase and rehabilitate housing in the highest impacted areas quickly to lessen the extended negative impact of foreclosed and blighted properties in neighborhoods.

3. Acquire foreclosed properties to provide housing for the most severely cost burdened households, remaining affordable for the greatest period of time.

Goal: Stabilize Property Values.

There is a statistically significant relationship between foreclosures, median family income, minority percentage, education and age. (Jeffrey Ayres M.S. & Professor James Murdoch, Dr. Ronald Briggs).

Foreclosures, particularly in lower-income neighborhoods, can lead to vacant, boarded-up, or abandoned properties. These properties in turn, contribute to physical disorder in a community, create a haven for criminal activity, discourage the formation of social capital, and lead to further disinvestment and continued spiraling lowering property values. As a result, these properties place an added burden on local units of government as well.

The continued downturn in the residential real estate market will further limit the resale opportunities of homeowners facing payment difficulties. Sales will continue to be negatively affected by the lack of credit available to prospective buyers. Home price declines will mean that the price they could get for the home is less than their outstanding mortgage balance. Homes already foreclosed on adversely affect sellers as well, adding to the inventory of homes competing for buyers, and their presence in neighborhoods negatively affects the perceived value of other homes nearby. Lastly, the credit markets have become less hospitable to re-financing. Adding to this stress will be reduced job opportunities as economic growth slows in late 2007 and into 2008. Such a lack of jobs and income historically leads directly to greater mortgage payment delinquency and subsequent foreclosure.

As foreclosures grow more frequent, real estate appraisers may have to include as "comparables" any bids accepted by foreclosing lenders at the sale, which are often a fraction of the loan amount. This creates the feedback information loop where values slide quickly downward, well below replacement costs in most areas. Homeowners across an area then are told that they have "negative equity," in their homes, which blocks the ability of all homeowners in a neighborhood to sell and move, or to use home equity responsibly for education, home improvement, or a sudden medical emergency.

Moreover, lenders that take possession at the foreclosure sale have no incentive to put the property to productive use; they seek to get it off their books as quickly as possible. These properties usually sit vacant, waiting for a new buyer to come along and make an offer. While these properties sit on the market, neighboring homeowners have little chance to sell their homes if need be, or access equity for normal expenses.

Goal: Purchase and rehabilitate housing in the highest impacted areas quickly to lessen the extended negative impact of blighted properties in neighborhoods.

This is why targeted economic intervention alongside sensible housing policies offers a path to halt the downward slide, giving these communities some control over the situation and accelerating a recovery. In fact, out of this economic disaster there could arise an approach to affordable homeownership that could actually expand opportunity in both the short-term and long-term. This approach aims for broader access to local, affordable housing for nurses, police, fire, maintenance workers, and many other workforce families-not just in the current down market but also in the future when some of these communities once again become overheated markets.

Efforts to aid homeowners facing foreclosure and to help neighborhoods already flooded with foreclosures require different specific sets of actions, but those solutions must be designed to work in tandem with other programs as much as possible.

It is unlikely that there will be sufficient buyers in the immediate future, either homeowners or investors in rental properties, to assure that these homes are reoccupied by families. Given the sharp decrease in values, there is the threat that the supply of affordable housing will be lost unless the market is supplemented by activities of nonprofit or government organizations who can acquire and maintain some of this housing stock that is stuck in transition.

Beyond the present benefits of economic stimulus, the current sharp home-price plunge is also a unique, once-in-a-generation window to establish a stable stock of long-term, affordable, shared equity housing. Allowing good affordable housing stewards to buy homes in these neighborhoods is responsible and effective policy. The public gets an immediate return on its investment, while we capitalize on the opportunity to preserve additional affordable housing units for the future.

The level of foreclosures has placed an increased burden on the economy and affected families. Housing agencies and programs are also strained as they work to assist families and individuals caught in this national tragedy. Colorado Department of Local Affairs, Division of Housing will use the NSP funds for the purposes intended - to promote neighborhood stabilization in those areas experiencing high foreclosures and high rates of property value depreciation. Priority will be given to those applicants that can additionally reach the lowest income sectors possible, preserve the greatest long term affordability, show the greatest leverage of other resources, and the incorporation of energy efficiency to the greatest extent possible.

Goal: Acquire foreclosed properties to serve the most severely cost burdened households for the greatest period of time.

Division of Housing staff sent an invitation to its stakeholders to submit an initial "Intent to Apply" application to provide their plans for using NSP funds. Applicants requested in excess of $216,000,000 in funding to address some of the foreclosure-related needs in the state. However, because the state allocation is only $34,013,566 (the total is $37.9 million when the allocation to Colorado Springs is added), an allocation will be reserved for the communities identified as "Areas of Greatest Need" for the initial allocation of state dollars. Congress has directed that the NSP funds must be obligated within 18 months of approval of the State's Action Plan Amendment. The State anticipates the first round of funding awards to be completed no later than May 2009. Any first round awarded funds not committed consistent with HUD guidelines will be returned to the State for reallocation in a second round.

The Neighborhood Stabilization Program also provides for the reinvestment of income generated by program. As a sufficient pool of "program income" is received subsequent funding rounds will be announced and held. The program provides for reutilization of funds until July 30, 2013. Subsequent to that date all income must be directed back to the U.S. Treasury unless the State obtains a waiver from HUD allowing for the continued use of the funds.

HELPING MAINSTREET

NEIGHBORHOOD STABILIZATION PROGRAM (NSP) PLAN SUBSTANTIAL AMENDMENT

JOINT ACTION PLAN AMENDMENT FOR THE
STATE OF COLORADO
AND
THE CITY OF COLORADO SPRINGS

Administering Jurisdiction: State of Colorado, Department of Local Affairs, Division of Housing (CDOH) http://www.dola.state.co.us	**NSP Contact Person**: Alison O'Kelly **Address:** 1313 Sherman Street, Room 518 Denver, CO 80203 **Telephone:** (303) 866-3409 **Fax:** (303) 866-4077 **Email:** alison.okelly@state.co.us
HUD Allocation Amount $34,013,566 State of Colorado 3,904,989 Colorado Springs $37,918,555 TOTAL STATE	**CDOH Expected Start:** JANUARY 15, 2009 **CDOH Allocation received from HUD:** MARCH 10, 2009
Adams County http://www.co.adams.co.us/documents/page/community_development/NSP_Substantial_Amendment.pdf City of Aurora http://www.auroragov.org/stellent/groups/public/documents/article-publication/045894.pdf City and County of Denver http://www.milehigh.com//resources/custom/pdf/Housing/DenverNSPApplication.pdf	

This Neighborhood Stabilization Program (NSP) Action Plan outlines the strategic role of the State of Colorado to achieve three major goals:

1. Assist in stabilizing the property values in targeted communities by decreasing the rate of decline in property values in the nine counties with the highest foreclosure rates.

2. Purchase and rehabilitate housing in the highest impacted areas quickly to lessen the extended negative impact of foreclosed and blighted properties in neighborhoods.

3. Acquire foreclosed properties to provide housing for the most severely cost burdened households, remaining affordable for the greatest period of time.

This program utilizes funds allocated to Colorado by the Housing and Economic Recovery Act of 2008 (HERA) (Public Law 110-289, enacted July 30, 2008), which created the NSP and provided $3.92 billion to states, counties and cities to acquire, rehabilitate, demolish and redevelop foreclosed and abandoned residential properties. It respond to the requirements for the NSP issued by the U.S. Department of Housing and Urban Development (HUD) in its final notice of allocation formula and program regulations as published in the Federal Register, October 6, 2008 (Vol. 73, No. 194., 58330).

The strategic role of the State of Colorado, in addition to allocating its $37.9 million share of funding, is to effectively utilize the additional resources of this funding to continue our support and enhance the success of our local government, nonprofit, and private sector partners to address the adverse housing conditions we face.

As more specifically described below, the State of Colorado will undertake the following activities with its NSP funds:

Activity Number	Activity Name	Use	Assisted Units	Amount
1 (a)	Purchase and Rehabilitate Multifamily Properties	Purchase and rehabilitate Multifamily Properties in order to rent to low- and very-low income families	322	$10,787,750
1 (b)[1]	Purchase and Rehabilitate Multifamily Properties	Purchase and rehabilitate Multifamily Properties in order to rent to low- and very-low income families	390+	$20,541,457
***********************************As Proposed/Anticipated After Assessment***********************************				
2 (a)	Purchase and Rehabilitate Abandoned or Foreclosed Single-Family Properties	Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed in order to sell or rent.	136	$19,507,414
2 (b)[2]	Purchase and Rehabilitate Abandoned or Foreclosed Single-Family Properties	Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed in order to sell or rent.	68	$9,753,707
***********************************As Proposed/Anticipated After Assessment***********************************				
3	Acquisition and Demolition of Blighted Structures	Acquire and Demolish Blighted Structures	N/A	$2,779,738
4	Pre- and Post-Purchase Homebuyer Counseling	Provide pre and post homebuyer counseling	N/A[3]	$5,975
5	Establish/Coordinate Funding Mechanisms	Establish or coordinate funding mechanisms to assist buyers with purchase and rehabilitation of foreclosed homes	25	$1,045,822
6	Program Administration	Administer State NSP Program		$3,791,856
	TOTAL			$37,918,555

Background

The Colorado Division of Housing's (CDOH) number one priority for this fiscal year is implementing the federal Neighborhood Stabilization Program (NSP). The NSP is part of the Housing and Economic Recovery Act recently adopted by Congress. Colorado ranks 19th in foreclosures and was awarded $34,013,566. This money needs to be committed and spent on eligible projects within an eighteen month period which will begin once Colorado's NSP plan is approved by HUD (which is anticipated no later than February 15, 2009)[4].

The Colorado NSP will target areas of the state that have been hit the hardest by foreclosures. Important facets of this plan include integration with local efforts, leveraging of public funds with innovative financing, accessing Real Estate Owned (REO) properties for a discounted purchase price, providing quality pre-and post purchase counseling, vacant land-banking/reutilization, expansion of existing shared equity programs and public private partnerships.

CDOH and the City of Colorado Springs are entering into a joint agreement for the operation of the NSP Program for Colorado Springs. Under this agreement, Colorado Springs has agreed that its allocation of $3,904,989 NSP funds will be awarded to CDOH and CDOH will assume responsibility for all operations of the NSP program within Colorado Springs' jurisdiction. A Memorandum of Understanding is attached as Appendix 1 of this document.

CDOH and Arapahoe County Housing and Community Development Services have entered into a joint agreement for the operation of the NSP Program for Arapahoe County. Under this agreement, Arapahoe County has agreed that CDOH will manage its allocation of $2,129,379 of State NSP funds with direction from the County regarding priorities for project funding. A Memorandum of Understanding is attached as Appendix 9 of this document.

Weld County requested the City of Greeley through the Greeley Urban Renewal Authority be the lead agency to administer Weld County's $5,364,892 allocation of State NSP funds. The letter from Weld County Board of Commissioners Chair William F. Garcia is attached as Appendix 10 of this document.

The State of Colorado's total NSP allocation is summarized below.

HUD DIRECT NEIGHBORHOOD STABILIZATION PROGRAM (NSP) ALLOCATIONS		
COLORADO STATE PROGRAM	$ 34,013,566	
COLORADO SPRINGS	$ 3,904,989	
	State Subtotal	$37,918,555
DENVER	$ 6,060,170	
ADAMS COUNTY	$ 4,600,211	
AURORA	$ 4,474,097	
	Entitlement Jurisdictions Subtotal	$15,134,478
	Statewide Total	**$53,053,033**

Implementation of this one-time federally funded program is guided by the following program specific requirements:

1) 100% of all funds shall be used to serve families whose income does not exceed **120 percent of area median income**; and
2) 25% of the funds shall be used to serve families whose income does not exceed **50 percent of area median income.**
3) A new CDBG National Objective is defined to benefit "**Low-moderate and middle income**" families**.**
4) If the State provides funds to an Entitlement jurisdiction, then the Entitlement's Area Median Income levels apply and not the balance of State**.**
5) The State must establish Rehabilitation Standards (meeting both HUD's Housing Quality Standards and local code).
6) If an abandoned or foreclosed home is purchased or redeveloped and sold to an individual as a primary residence – **the sale price of the home shall be equal to or less than the cost to acquire and redevelop the home.**
7) Documentation must be maintained on the purchase and sale price of each property and the sources and uses of funds for each activity.
8) Appraisals are required on all acquisitions using NSP funding; this includes the purchase of foreclosed/abandoned homes, residential properties and voluntary acquisitions.
9) Foreclosed homes shall be purchased at a discount of at least 1% from the current market-appraised value, as amended in the October 6, 2009 Bridge Notice. The appraisal will be used to determine the purchase discount.
10) The average discount during the 18 month period shall be at least 1%.

Complementing these efforts, the CDOH employs housing strategies throughout the state using other funding sources including:

1. Foreclosure Prevention
2. HOME Investment Partnership Act
3. Community Development Block Grant (CDBG)
4. Emergency Shelter Grant (ESG)
5. Housing Choice Vouchers (Section 8)
6. Housing Opportunities for Persons with AIDS (HOPWA)

Eligible Activities:

CDOH will make NSP funds available for the following statutorily eligible activities. NSP funds are eligible to:

> (A) establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-seconds, loan loss reserves, and shared-equity loans for low- and moderate- income homebuyers;
> (B) purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties;
> (C) establish land banks for homes that have been foreclosed upon;
> (D) demolish blighted structures; and
> (E) redevelop demolished or vacant properties.

In addition, the NSP Notices authorizes grantees to expend no more than 10 percent of its grant amount, plus 10 percent of the amount of program income received by the grantee, for planning and administrative expenses (NSP Notice Section II. H. 4.)

A. AREAS OF GREATEST NEED

The State of Colorado plans to allocate NSP resources to communities with greatest need. The State has separately determined the amounts that it will award to NSP entitlement and the non-entitlement areas of the state.

As part of this Action Plan, HUD requires the State to summarize its findings and conditions on the Number and Percentage of Foreclosures, Subprime (High-Cost) Loans and Highest Risk of Increase in Foreclosures.

<u>Number and Percentage of Foreclosures</u>
The *highest numbers of foreclosures* exist in Front Range, largely urban areas. Large percentage increases in foreclosures are noted in many rural areas as well. The State intends to provide NSP funding to those urban areas that are most highly impacted according to HUD's risk model and CDOH-collected foreclosure data.

<u>Subprime (High-Cost) Loans</u>
The number of subprime loans in Colorado peaked in 2005 at 59,864, more than 27% of all mortgage loans originated that year. The number of subprime loans issued declined to 48,861 in 2006, and dropped dramatically to 20,167 in 2007, comprising only 12.28% of all mortgage loans that year.

Over the period from 2004 through 2006, roughly 80% of all subprime loans in Colorado were made in just 11 counties (Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, El Paso, Larimer, Pueblo and Weld). In 2007 that percentage dropped to just under 73%. As of the end of 2007, the percentage of subprime loans in each of these counties continued to exceed Colorado's statewide average.

<u>Highest Risk of Increase in Foreclosure</u> – The concentration of subprime loans in the areas already identified as areas of greatest need indicates that they will continue to be the areas at highest risk of

increase in foreclosures given that many of the subprime loans are adjustable rate mortgages which will continue to undergo their initial rate reset.

In addition, the Center for Business and Economic Forecasting predicts that Colorado's unemployment rate will increase to 6% or more for 2009. These job losses will very likely increase the number of foreclosures in the state. For example, Fannie Mae reported in June, 2008 that 45.5% of the foreclosures they track were due to loss of employment.

As of January 2010, foreclosure counseling and an improved real estate market contributed to the declines in single family foreclosures in the state. Home prices and home sales totals have improved in recent months, as the private sector has aggressively invested in the market, having a positive impact in stabilizing property values.

According to the most recent data available from the Federal Housing and Finance Agency[5], overall prices in Colorado fell only 0.03 percent year over year, and showed only slight overall declines in home prices along Colorado's Front Range. Denver prices fell 1.19 percent while Pueblo prices increased 1.64 percent. Compared to the national average fall of 3.76 percent, Colorado's decline has slowed substantially.

However, according to Standard and Poor's Case-Shiller housing price index, home prices in the Denver area increased 0.5 percent, which places the Denver area behind only Dallas and San Francisco in the 20-city index, compared with a national drop of 5.3%.

NSP-ENTITLEMENT ALLOCATION METHODOLOGY

CDOH determined each NSP-entitlement's proportionate share of State overall foreclosure filings for the 18-month period from January 1, 2007 to June 30, 2008 and compared it to the proportion of NSP dollars funded by HUD to each jurisdiction. CDOH will fund the difference (less administrative allocations) between NSP fund allocations based on foreclosure filings and NSP awards using the HUD allocation formula. Calculations are posted below and an explanation of the methodology may be found in Appendix 2, Methodology for Determining Allocations for Direct NSP Recipients.

COMPUTATION OF ADDITIONAL DISTRIBUTION TO HUD'S DIRECT NSP RECIPIENT JURISDICTIONS							
A	B	C	D	E	F	G	H
	% of state Foreclosures	Entitlement Amt Rec'd from HUD	% of Total Dollars	Proportionate Share of Statewide $	Difference (E-C)	Program $	Admin $
Adams	14.43%	4,600,211	9%	7,655,553	3,055,342	2,749,808	305,534
Denver	18.84%	6,060,170	11%	9,995,191	3,935,021	3,541,519	393,502
Aurora	13.78%	4,474,097	8%	7,310,708	2,836,611	2,552,950	283,661
Colo. Springs	7.70%	3,904,989	7%	4,085,083	180,094	162,085	18,009
Amount to be distributed:						9,006,362	

CDOH will fund the NSP entitlement areas up to the amount shown in column "G – Program $", and will consider additional administrative dollars on a case-by-case basis at the time of the NSP award. Amounts for entitlements are as follows:

- Adams County $2,749,808
- Aurora $2,552,950
- Colorado Springs $ 162,085
- Denver <u>$3,541,519</u>

Total Awards to Entitlements $9,006,362

Of the balance of dollars, $21,605,848 is available to distribute to the other highly impacted areas of Colorado.

NON-ENTITLEMENT ALLOCATION METHODOLOGY

For non-entitlement areas, CDOH revised and expanded its examination of foreclosure distress. For **first tier** funding (direct NSP allocation), CDOH established the following eligibility factors to determine the most severely impacted areas:

(1) High foreclosure rates based on sales
(2) High depreciation in home values
(3) High density of foreclosure filings per occupied household
(4) Income-eligible, distressed block groups as noted by a score of 7 or higher in HUD's Foreclosure Risk Model or other comparable or newer data that points to areas with the greatest problems, and
(5) High percentage of the state's foreclosure sales rate

Areas scoring as "high" for every factor were placed in first tier funding. Programmatic dollars remaining after distribution to direct NSP counties totaled $21,605,848 and are allocated to Balance of State (non-entitlement) areas in greatest need based on their percentage of the State's overall foreclosure sales for the 18-month period of January 1, 2007 through June 30, 2008, based on HUD NSP data, and other comparable or newer data that point to areas with the greatest problems. Results are:

Counties	Foreclosure Rate Based on Sales	Rates of Depreciation 3rd Q 07 to 3rd Q 08	Foreclosure Density: 1 Foreclosure filing per N Occupied Households	Has Eligible Block Groups with Abandonment Risk score of 7, 8, 9 or 10	% of State Foreclosures	TIER 1 Allocation --% of State Foreclosures
Weld	3.08%	-8.15	1 in 32	200	7.51%	$ 5,364,892
Arapahoe*	2.53%	-6.35	1 in 40	50	2.98%	$ 2,129,379
Pueblo	2.34%	-8.97	1 in 43	128	4.00%	$ 2,857,610
Douglas	1.87%	-6.67	1 in 54	5	5.09%	$ 3,635,661
Jefferson	1.41%	-1.74	1 in 71	137	8.42%	$ 6,010,553
El Paso**	1.33%	-4.24	1 in 75	54	1.65%	$ 1,177,991
Broomfield	1.03%	-7.95	1 in 97	10	0.60%	$ 429,762
TOTAL						**$21,605,848**
*Adjusted Arapahoe for Aurora Foreclosures **Adjusted El Paso for Colorado Springs						

Counties that scored highly on *some* factors, but not all, were moved to Tier 2 (shown below) and will not receive an allocation at this time, but will be reconsidered at a future date as program income becomes available. For example, Morgan County demonstrates a significant foreclosure sales impact and a high foreclosure density, but has home price appreciation rather than housing depreciation. Phillips County has high home price depreciation, but has 0 eligible block groups with High Abandonment Risk Scores.

Counties	Foreclosure Rate Based on Sales	Rates of Depreciation 3rd Q 07 to 3rd Q 08	Foreclosure Density: 1 Foreclosure filing per N Occupied Households	Has Eligible Block Groups with Abandonment Risk Score 7, 8, 9 or 10	% of State Foreclosures	TIER 2 Based on Future Program Income
Elbert	2.83%	-2.97	1 in 35	0	0.63%	To be Determined
Park	2.48%	5.93	1 in 40	0	0.49%	
Teller	1.79%	3.70	1 in 56	0	0.45%	
Gilpin	1.54%	0.75	1 in 65	0	0.10%	
Morgan	1.46%	1.96	1 in 69	30	0.41%	
Larimer	1.24%	0.77	1 in 81	19	3.93%	
Philips	1.09%	-5.81	1 in 91	0	0.06%	
Lincoln	1.03%	2.76	1 in 97	11	0.06%	
Washington	0.96%	3.58	1 in 104	5	0.05%	
Fremont	0.83%	1.96	1 in 121	44	0.38%	
Logan	0.81%	1.96	1 in 123	10	0.18%	
Kit Carson	0.81%	1.96	1 in 123	11	0.07%	
Prowers	0.79%	1.96	1 in 126	13	0.11%	
Rio Grande	0.78%	3.58	1 in 129	16	0.11%	

Appendix 2 presents the criteria and data used for NSP funding allocations for each county, Appendix 3 provides a definition of those criteria, and Appendix 4 show HUD's Risk Scorings for eligible block groups ranked as 7, 8, 9, or 10.

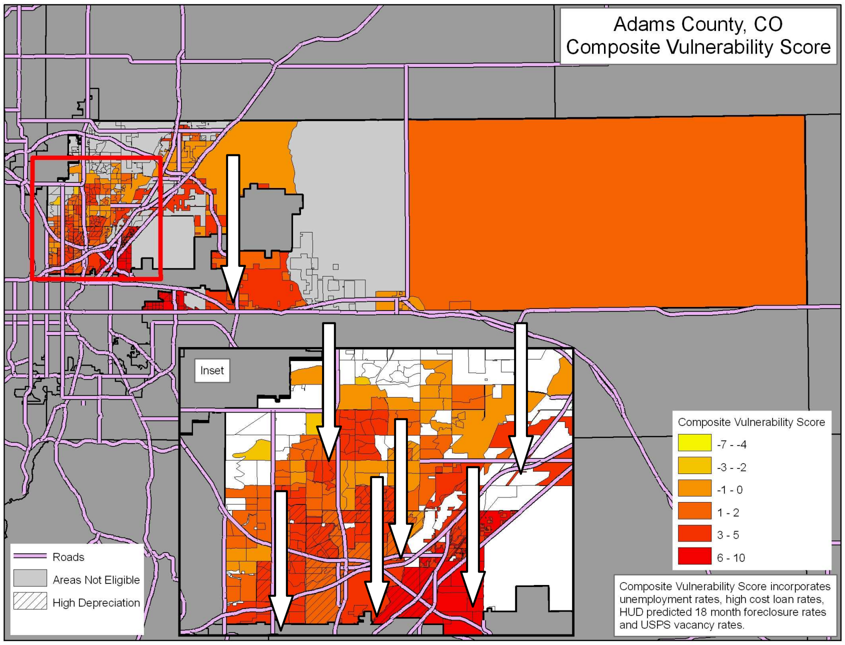
Appendix 10 shows data justifying the expansion of census areas in response to shifts in foreclosure activity in the changing markets in both Douglas County and the City and County of Pueblo.

MAPS

The following maps identify the highly impacted areas using the data provided by HUD and analysis conducted by the Colorado Division of Housing, as well as other comparable data collected locally.

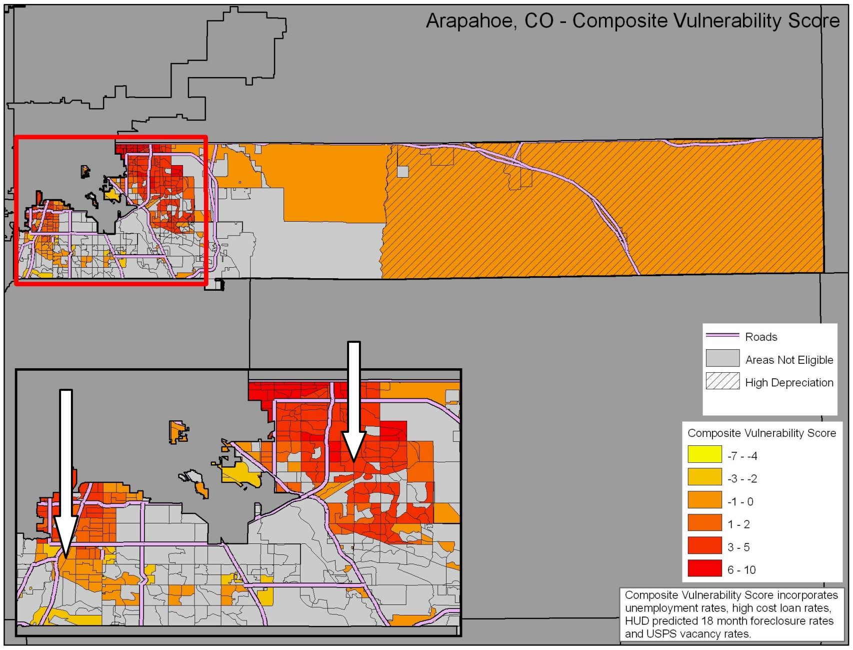
Maps

Adams County



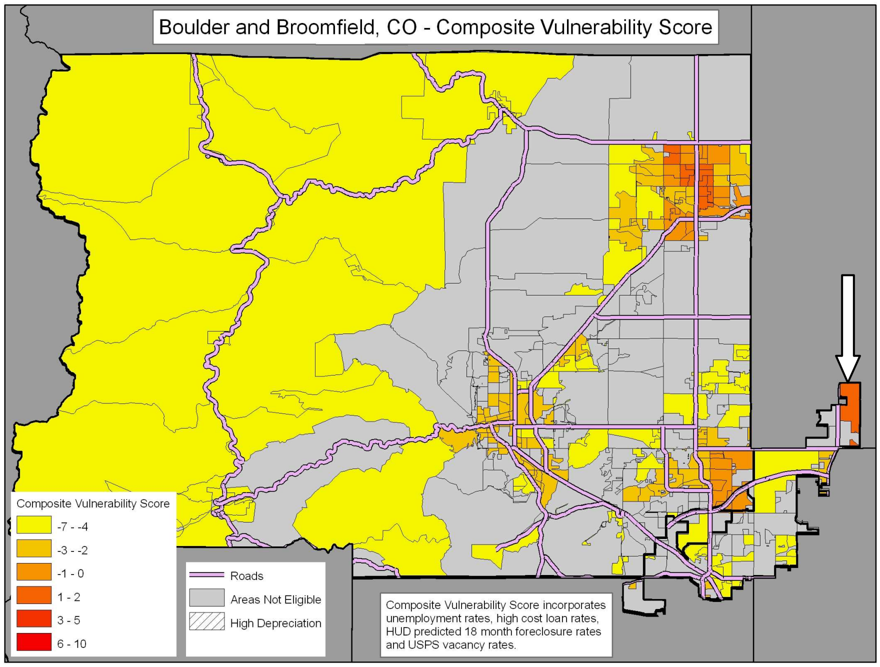
Targeted Neighborhoods include 104th and Buckley, 112th and East Havana, 104th and Washington, 87th and Washington, 120th and Pecos, 112th and York, Commerce City, Northglenn and parts of Brighton, Thornton, and Westminster.

Arapahoe County

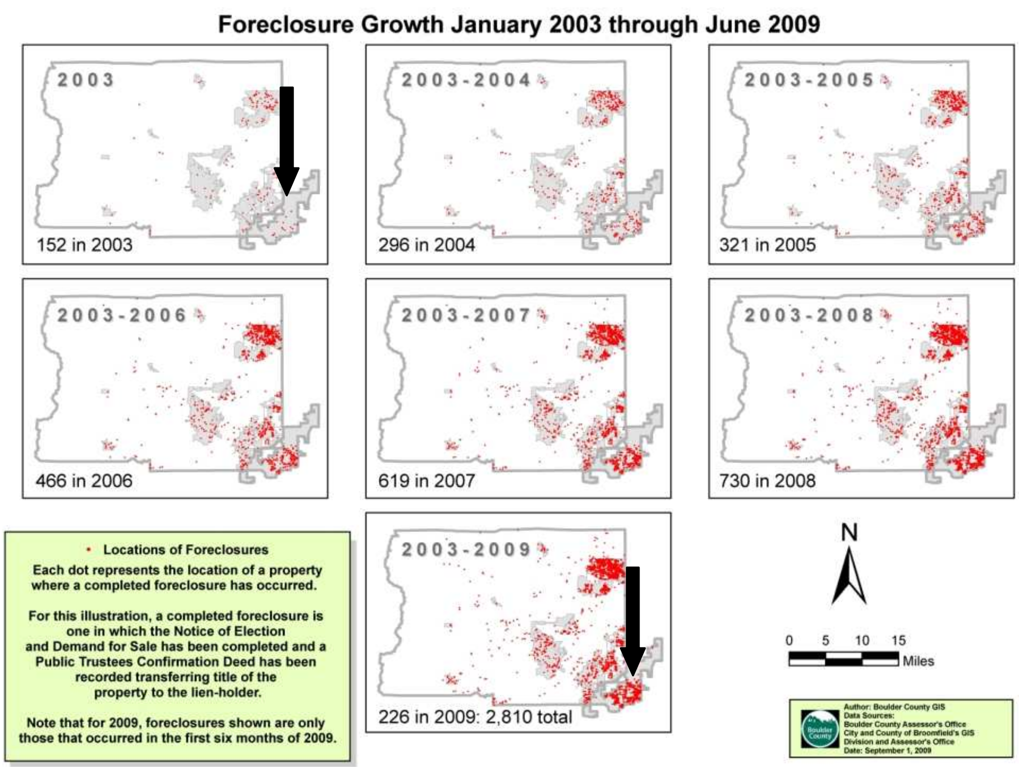


Targeted communities in Arapahoe County include Aurora, Englewood, and Littleton.

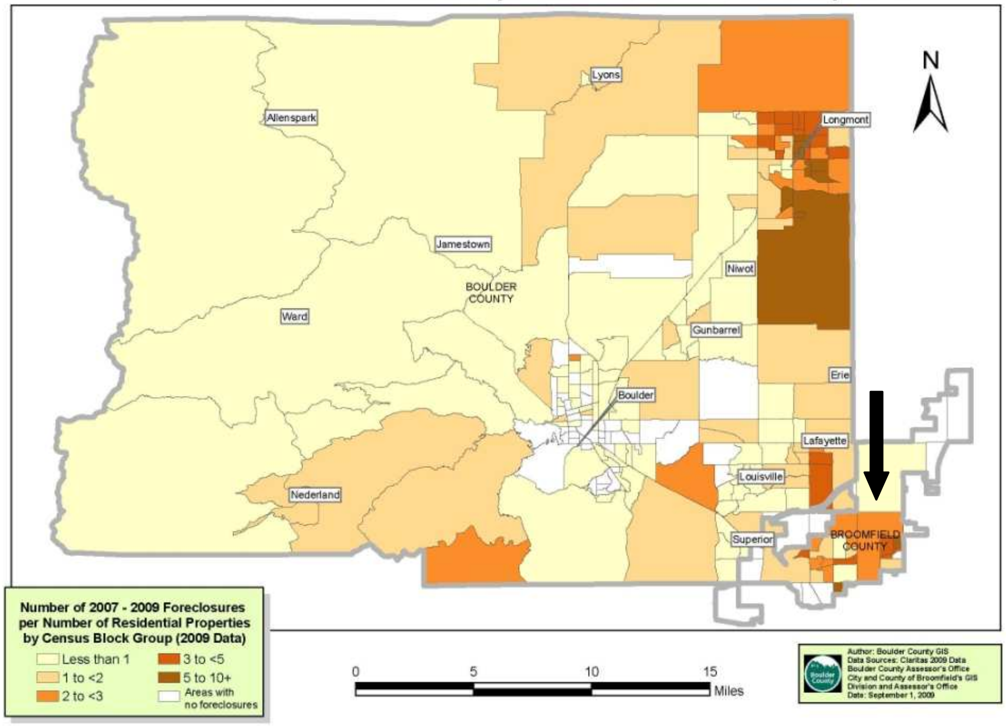
Broomfield County



Only Broomfield County will be targeted in Tier 1 of NSP



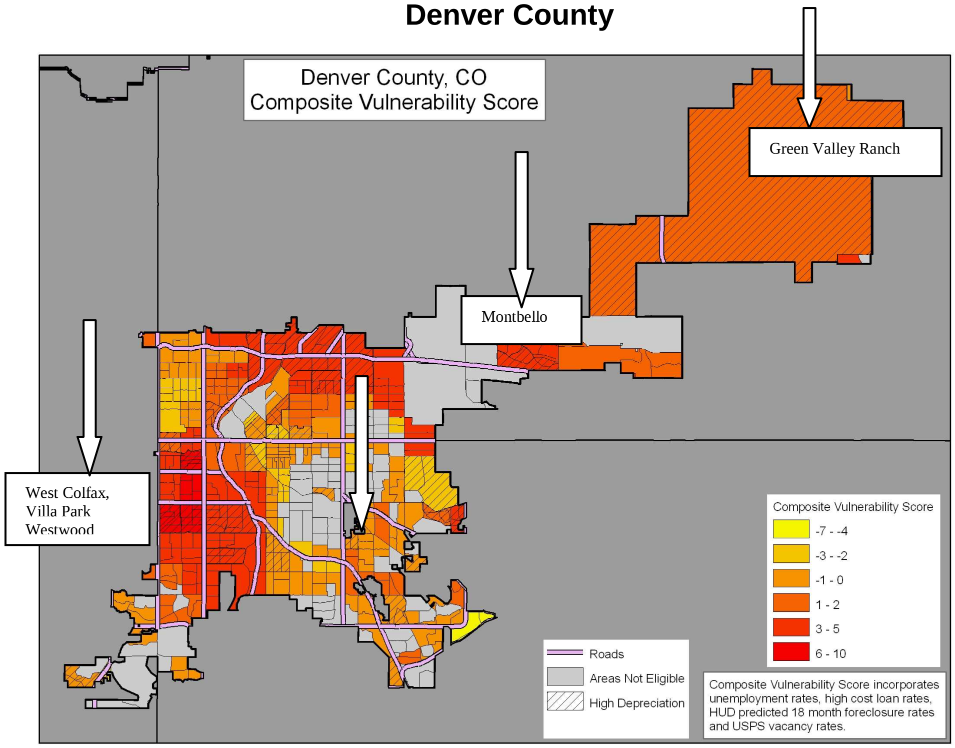
Number of 2007-2009 Foreclosures per Number of Residential Properties



Based on completed foreclosures in which the Notice of Election and Demand for Sale has been completed and a Public Trustees Confirmation Deed has been recorded transferring title of the property to the lien-holder.

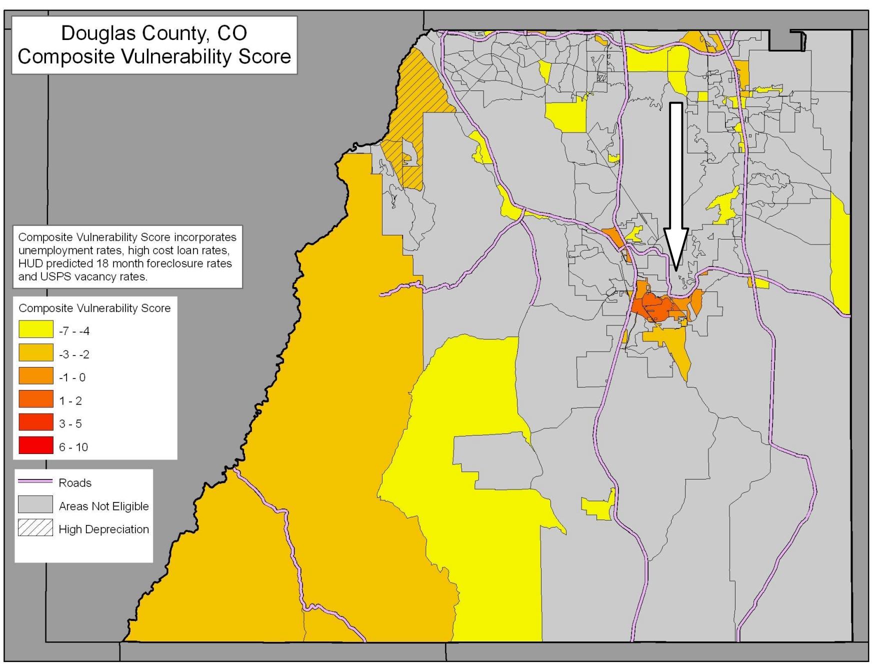
City of Broomfield area of greatest need includes Westlake, census tract 85.16.

Denver County



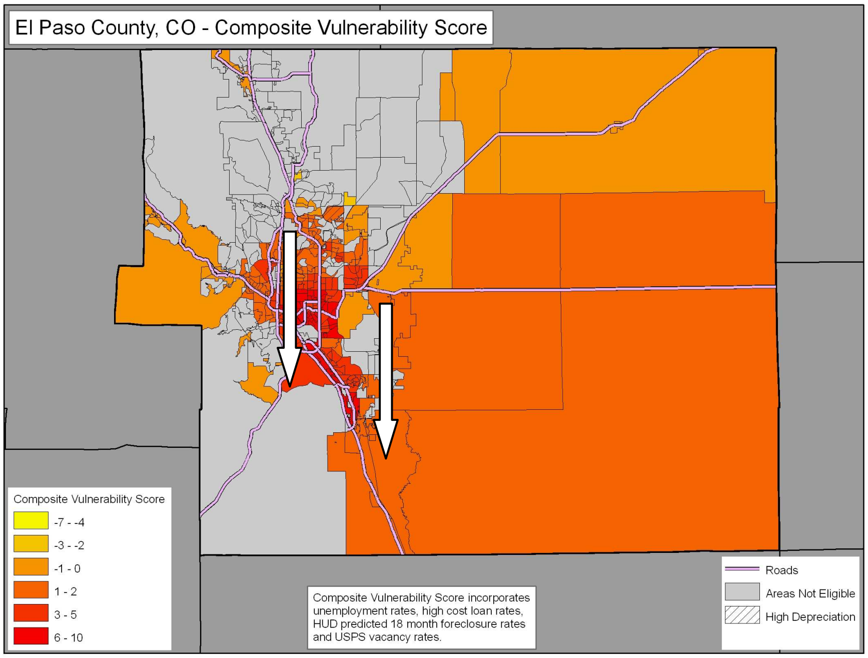
Denver-identified areas of greatest need include Green Valley Ranch, Montbello, Westwood, West Colfax, Park Hill, Barnham, Villa Park, Colorado to Quebec, Dayton to Peoria, 6th Ave to 25th.

Douglas County



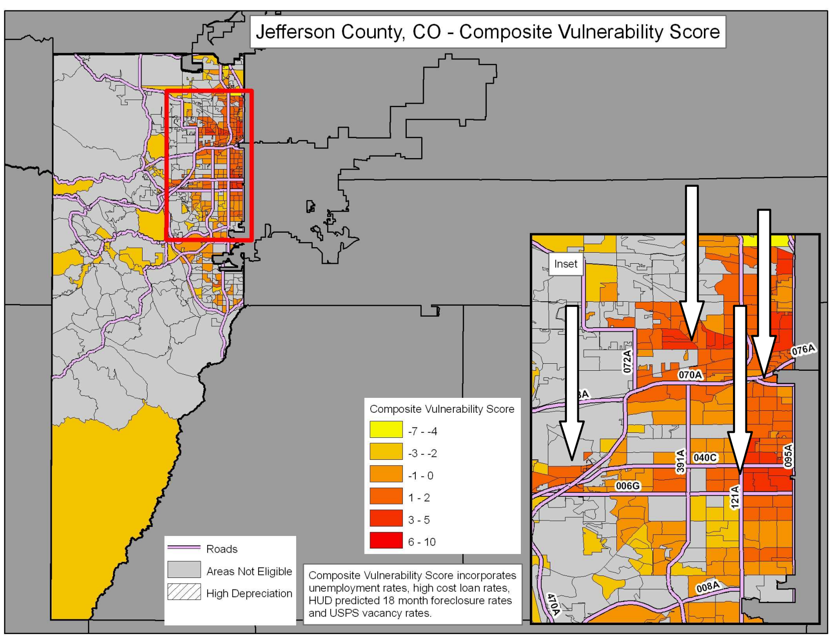
Douglas County targets scattered sites in eligible neighborhoods, utilizing both HUD Risk scores for NSP and additional data from the Douglas County Public Trustee completed foreclosure sales 1/1/2007 – 6/30/2008. Census blocks are expanded 2/1/2010 to include: 0139041, 0139042, 0139073, 0139074, 0140012, 0140014, 0140022, 0140025, 0141141, 0142011, 0142013, 0143001, 0145032, 0146011, and 0146012. See Appendix 10 for additional data and maps.

El Paso County



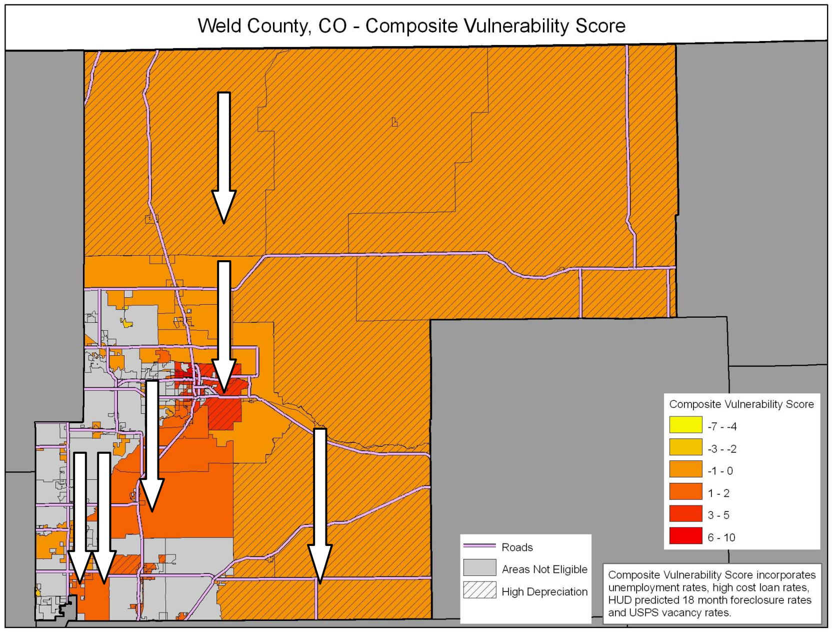
El Paso County targets Falcon Vista Subdivision and other portions of the county.

Jefferson County



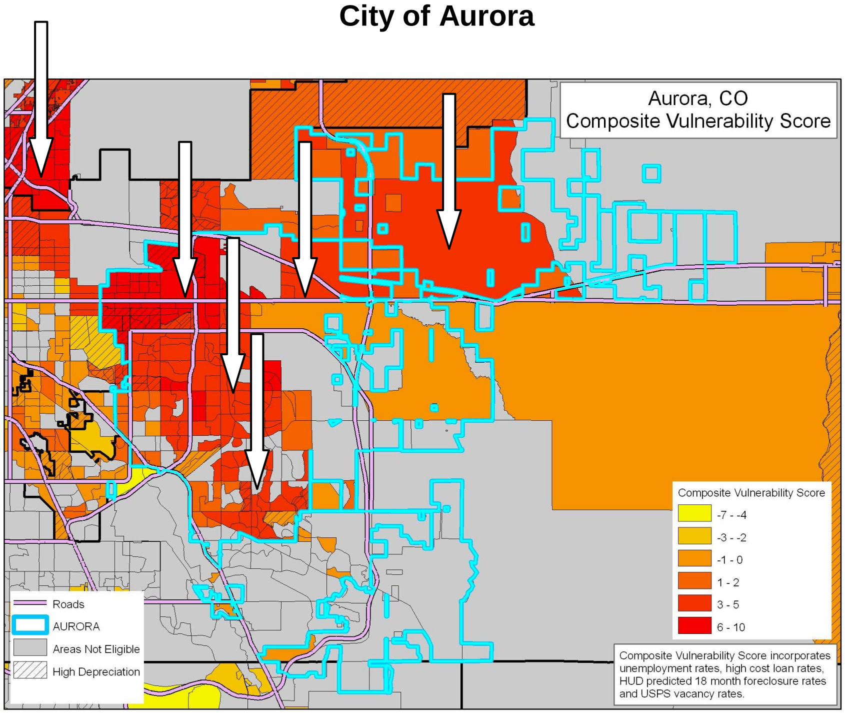
Jefferson County targets areas include Golden, Lakewood, Arvada and parts of unincorporated Jefferson County.

Weld County



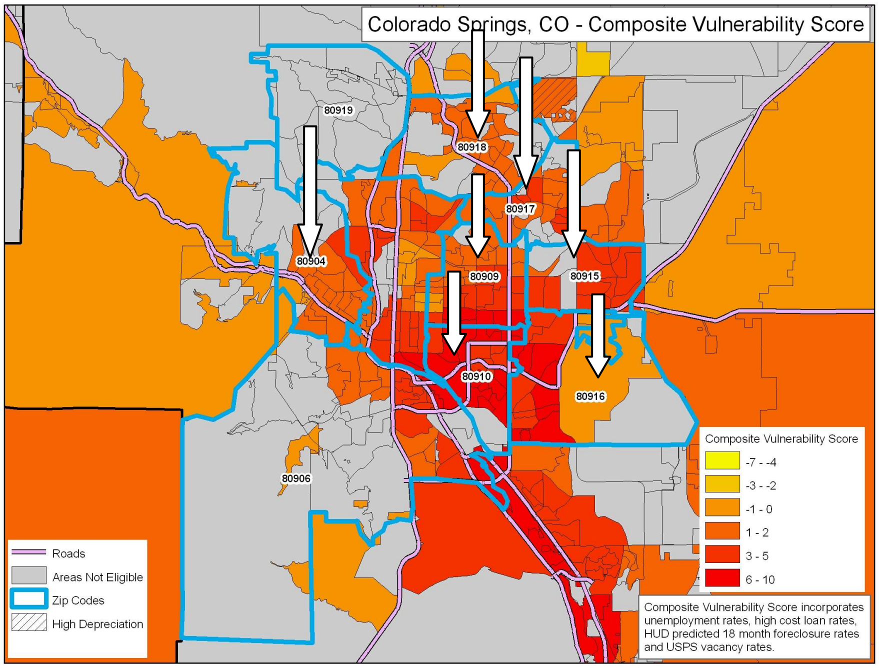
Weld County targets zip codes 80631-80634, 80620, portions of La Salle, Platteville, Eaton, Evans, Nunn, Pierce, Windsor, Milliken and Johnstown.

City of Aurora



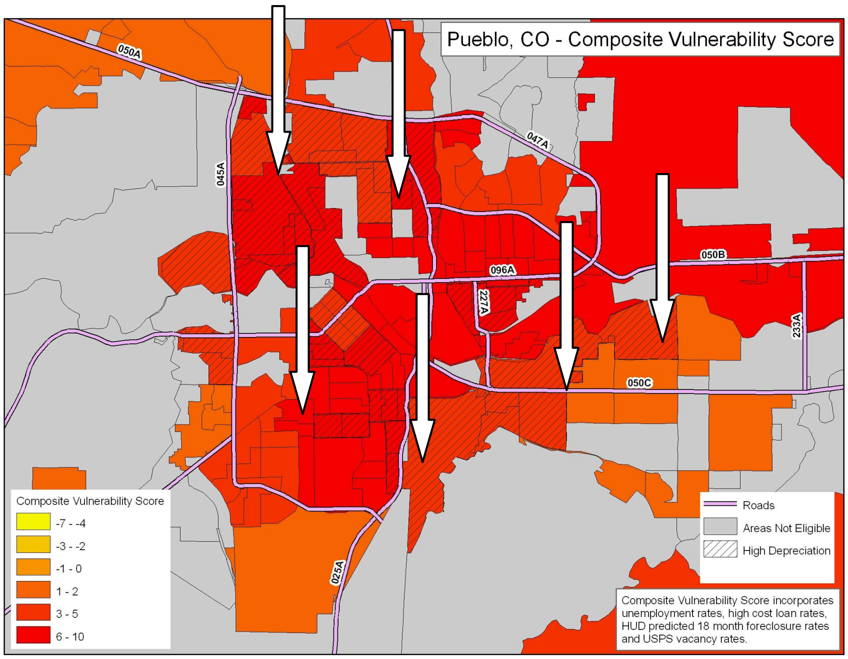
Aurora targets northern and central portions of the City.

City of Colorado Springs



City of Colorado Springs Areas of Greatest Need:
(1) 80916 Pikes Peak Panorama/Eastborough/Southborough; (2) 80918 Vista;
(3) Grande/Cragmor/Erindale/Nor'wood; (4) 80906 Skyway/Broadmoor
(5) 80915 Cimarron Hills/Constitution Hills/Rustic Hills; (6) 80909 East Side/Knob Hill;
(7) 80917 Village Seven/Old Farm; (8) 80920 Briargate/Pine Creek/Falcon Estates
(9) 80904 Old Colo City/Pleasant Valley; (10) 80919 Rockrimmon/Peregrine

Pueblo



The City of Pueblo targets the neighborhoods of Eastdale, Bessemer and Westside, and portions of unincorporated Pueblo.
Additional census tracts added 2/1/2010 within zip code 81003 with an 18-month predicted underlying trend facing foreclosure, per HUD 2008: 000400, 000600, 001800, 001900, 002200, 002300, 002400, 002600, and 002700.

B. DISTRIBUTION AND USE OF FUNDS

CDOH analyzed HUD and local data to determine those areas most highly impacted by foreclosures. According to HUD's analysis of foreclosure and abandonment risk factors, areas of greatest need include Adams, Arapahoe, Broomfield, Denver, Douglas, Jefferson, Pueblo and Weld Counties and the Cities of Aurora and Colorado Springs.

CDOH will employ strategies to absorb inventory and stabilize the market through homeownership. It will also purchase as many multifamily properties as possible and make those units available, wherever feasible, to renter households with incomes at 50% AMI or less, and, in certain instances, remove blight and develop vacant parcels of land for households with incomes at or below 50% AMI.

CDOH will pass the low-income set-aside requirement on to its subgrantees and will also meet this requirement through acquisition and rehabilitation of multifamily structures.

Timely Use of Funds and Redistribution
All NSP funds must be initially obligated within 18 months or HUD will recapture the unused funds from the state. All activities are anticipated to be initiated upon the release of NSP funds which is expected January 15, 2009*, (received March 10, 2009)*. All funds must be spent within four years. Several of the NSP activities anticipate returning funds (program income) which will continue to be used within the NSP guidelines.

In accordance with NSP, "funds are obligated for an activity when orders are placed, contracts are awarded, services are received, and similar transactions have occurred that require payment by the state, unit of general local government, or subrecipient during the same or a future period. Note that funds are not obligated for an activity when sub-awards (*e.g.*, grants to subrecipients or to units of local government) are made."

In order to assure funds are expended within this strict time frame, CDOH will evaluate each recipient's progress in obligating their NSP resources at nine months after the grant agreement is signed by CDOH. Any recipient not on target to obligate all resources may be at risk of recapture of said funds by CDOH. CDOH will subsequently reallocate the unused NSP funds. At nine months into the process CDOH also intends to re-evaluate the overall state foreclosure and abandonment data. If significant changes surface, CDOH may update the priority areas and provide opportunity for redistribution of any remaining NSP resources and program income into these revised targeted areas. The chart below summarizes Colorado's initial allocations of the State's Direct NSP Allocation by jurisdiction.

<table>
<tr><td>JURISDICTION</td><td>TOTAL NSP GRANT</td><td>VERY LOW-INCOME SET-ASIDE (25% of Funds)</td></tr>
<tr><td>Adams County</td><td>$ 2,749,808</td><td rowspan="14">$9,479,639 (minimum)</td></tr>
<tr><td>Arapahoe County</td><td>$ 2,129,379</td></tr>
<tr><td>Aurora, City of</td><td>$ 2,552,950</td></tr>
<tr><td>Broomfield, City and County of</td><td>$ 429,762</td></tr>
<tr><td>Colorado Springs, City of</td><td>$ 3,676,575[6]</td></tr>
<tr><td>Denver, City of County of</td><td>$ 3,541,519</td></tr>
<tr><td>Douglas County</td><td>$ 3,635,661</td></tr>
<tr><td>El Paso County</td><td>$ 1,177,991</td></tr>
<tr><td>Jefferson County</td><td>$ 6,010,553</td></tr>
<tr><td>Pueblo County</td><td>$ 2,857,610</td></tr>
<tr><td>Weld County</td><td>$ 5,364,892</td></tr>
<tr><td>TOTAL PROGRAMMATIC</td><td>$34,126,700</td></tr>
<tr><td>Administrative Funds</td><td>$ 3,791,855</td></tr>
<tr><td>TOTAL COLORADO FUNDS</td><td>$37,918,555</td></tr>
</table>

In December 2009 CDOH evaluated the overall state foreclosure and abandonment data, and determined that a shift in focus of NSP activities (from a predominance of single family to multi-family projects) would best utilize the program dollars to stabilize Colorado's communities in the existing, recovering market.

Single Family Market

Foreclosure counseling and an improved real estate market contributed to the declines in foreclosures in the state. Home prices and home sales totals have improved in recent months. Completed foreclosures fall for the second year in a row as more homeowners were able to take advantage of loss mitigation services in Colorado. Completed foreclosures peaked in 2007 at 25,000 and fell to 21,000 in 2008. Foreclosures fell again in 2009 to 20,000.

According to the most recent data available from the Federal Housing and Finance Agency, overall prices in Colorado fell only 0.03 percent year over year, and showed only slight overall declines in home prices along Colorado's Front Range. Denver prices fell 1.19 percent while Pueblo prices increased 1.64 percent. Compared to the national average fall of 3.76 percent, Colorado's decline has slowed substantially. However, according to Standard and Poor's Case-Shiller housing price index, home prices in the Denver area increased 0.5 percent, which place the Denver area behind only Dallas and San Francisco in the 20-city index, compared with a national drop of 5.3%.

In Colorado, the private sector has acted as a large driver in the recovery of the single family market, through auction and direct purchase of foreclosed properties. The market and values on single family properties have not continued to decline in the same manner as the rest of the nation; Colorado's median home price rose nine percent from November to December 2009, compared to the national home price increase of five percent. Transversely, multi-family properties could continue to face an increase in foreclosures, resulting in increases in deferred maintenance and vacancy rates, and a decrease in overall property values.

Focus on Multi-Family Activities

The State's primary goal in utilizing NSP funds is to strengthen communities, particularly targeting the national objective of households at or below 50% of the area median income (AMI). As the single family housing market recovers in Colorado, homeownership is decreasing in viability as an option for use of NSP funds to serve very-low-income households long-term. The State is reacting to the market shift, turning its attention with NSP activities to the multi-family housing market. Multi-family properties are not only continuing to show continued foreclosure, but also provide the greatest opportunity and feasible means of serving the highest number of households in the national objective target income bracket.

Given the relative trend toward strengthening of the for-sale housing markets in Colorado, the need for investment in multifamily housing has increased. Vacancy rates in Colorado have increased as job losses and negative income growth have driven down occupancy levels and average rents. The result has been increased financial pressure on small apartment owners who are more likely to foreclose or allow properties to become blighted as they deteriorate. The demand for rental housing as a substitute for for-sale housing increases as job growth and income levels stagnate in Colorado, yet in the most at-risk areas, average rents have fallen, and vacancy rates have risen.

The State of Colorado is adjusting its strategy and priorities for activity use of NSP dollars, shifting to work directly with lenders to identify troubled and foreclosing properties, particularly in the multi-family market. The State and its grantees will work through lenders to restructure ownership and financing, investing minimal NSP dollars in acquiring and rehabilitating, instead leveraging new debt where needed and feasible.

Assessment

On March 31, 2010, CDOH will conduct the first in a series of quarterly assessments of progress for each NSP contract to ensure 100% obligation of allocated NSP funds prior to the 18-month deadline (September 10, 2010). Accomplishment of sufficient progress at this time will be demonstrated by obligation of no less than 30% of contracted grant funds through execution of property purchase or rehabilitation contracts, or pro-forma analyses demonstrating project carrying costs. This assessment will utilize pay requests or copies of executed purchase/rehabilitation contracts submitted to CDOH by this date to demonstrate fund obligation.

Grantees not having accomplished sufficient progress on March 31, 2010 must have secured by April 30, 2010 purchase contracts closing by June 30, 2010, or be subject to recapture on April 30, 2010. Funds not obligated prior to the June 30, 2010 deadline are subject to recapture and redistribution.

Progress Assessment Achievement and Funds Recapture Timeline:

March 31, 2010→	**Progress Assessment**	
	Grantee Successful →	>30% funds under purchase/rehab contract.
	Grantee Unsuccessful →	30 days to demonstrate purchase/rehab contracts.
April 30, 2010 →	**Progress Assessment**	
	Grantee Successful →	Contracted to purchase or rehab properties by June 30, 2010. DOH recaptures remaining un-obligated funds.
	Grantee Unsuccessful →	DOH recaptures funds.
June 30, 2010 →	**Progress Assessment**	
	Grantee Successful →	Acquired properties and/or rehab underway. DOH may allocate additional funds to grantees demonstrating need and activity potential. DOH recaptures un-obligated funds.
	Grantee Unsuccessful →	DOH recaptures funds.

Following the recapture of funds at any point in the above timeline CDOH will reprogram funds to serve areas of greatest need statewide.

Letters of Intent and Requests for Proposals

CDOH solicited submission of a “Letter of Intent” (LOI) to work directly with counties, municipalities and other eligible organizations. The LOI assisted the state in determining the best strategy to distribute funds as quickly as possible based on NSP requirements. These proposals are listed as “Appendix 6: List of Letters of Intent to Apply” at the end of this document.

Based on LOI, the State intends to develop multiple Requests for Proposal (RFPs) for partners to assist with the acquisition, rehabilitation, management and disposition of properties. Such partners may include, but not be limited to housing nonprofits/for-profits, lenders, title companies, asset/property managers, appraisers, real estate companies, contractors (including demolition contractors), and inspection firms. Capacity and proven track record will be among the critical areas that the State reviews in selecting nonprofit and for profit partners.

Applications from entities other than units of local government will be required to include comments by the local government. The State will defer to plans and priorities of local jurisdictions in funding NSP programs.

NSP applications will be evaluated by CDOH staff. Initially, all applications must be found to be complete, include eligible NSP activities, and serve areas of greatest need[7]. From among those eligible applications, priority will be assigned based on the following proposed factors:

(1) Projects serve heavily foreclosure-impacted area (7, 8, 9, or 10 in HUD risk score)
[Upon request and for due cause, the State may consider exceptions to this rule to include a Risk Score of “6”. Such requests must describe in writing, the reason for the request, the justification, and must

provide specific data on foreclosure, foreclosure density, depreciating property values, and vacant or abandoned units. Such changes shall not become effective until the State confirms the exception in writing].

(2) Income Targeting

- Ability to target individuals and families whose income does not exceed 50 percent of area median income, (Number of units targeted).
- Ability to serve individuals and families whose income does not exceed 120 percent of area median income, (Number of units expected)

(3) Ability to maximize long-term affordability
(4) Demonstrated Management Capacity, Experience, and Timeliness
(5) Priority of Local Jurisdiction
(6) Funding Availability
(7) Public and Private Commitments

A final determination of evaluation factors and more detailed information on the review process will be included in the invitation for funding to be issued in January 2009. If there are insufficient NSP allocations for a particular proposed activity, CDOH will consider soliciting and accepting additional applications or reallocating funds, consistent with the time limitations for obligation of NSP funds.

PROGRAM INCOME

Program income as defined by 24 CFR 570.500(a) revenues that are directly generated through the sale, rental, redevelopment, or rehabilitation of vacant or foreclosed homes or residential properties that exceed the costs associated with acquiring and redeveloping those properties (including "reasonable development fees") will be reinvested by the State, first, in accordance with HUD's objectives and, second, based on the most recent data available about the impact of future foreclosures in the State of Colorado. The State's program income will create a pool of recycled dollars that will assist in addressing areas impacted by foreclosures in the future.

The CDBG regulatory definition of program income under 24 CFR 570.500(a) reads:
". . . gross income received by the recipient or a sub-recipient directly generated from the use of NSP funds. When program income is generated by an activity that is only partially assisted with NSP funds, the income shall be prorated to reflect the percentage of CDBG funds used."

Under 24 CFR 570.500(a) (1) (iii), program income includes:
"Gross income from the use or rental of real property acquired by the recipient or by a Sub-recipient with NSP funds, less costs incidental to generation of the income."

PROGRAM INCOME PROVISIONS:

Program income provisions will be included in the contract language as well as the CDOH Program Income Policies. The nature of program income received by NSP Grantees is very important to the NSP program. These provisions will ensure consistent administration of the program income when involved in undertaking NSP funded activities. All program income generated by the NSP activities will be returned to the State to track and be re-distributed. These provisions will be brought to the grantee's attention and monitored during regularly scheduled monitoring desk audits and on-site monitoring visits to assure compliance with program rules.

What is the acceptable method of computing program income generated by the NSP funds will be realized when the initial cost from the sale, rental, redevelopment, rehabilitation or any other eligible activity to be provided to use by the Grantee was only partially assisted with NSP funds?

The proper method of computing program income generated would be computed by subtracting costs incidental to the activity. The remaining revenue would then be prorated to reflect the percentage of NSP funds used. This percentage of the remaining funds would be program income.

Exception to the DOH Program Income Policies may be formally requested for good cause. Waivers will be considered for requests that provide acceptable. Such changes shall not become effective until the State confirms the exception in writing.

Following the March 31, 2010 and further progress assessments CDOH may consider a request and execute a Program Income agreement with each successful grantee, allowing the retention of Program Income to be reinvested in forthcoming NSP activities. Allowing for the needs of each grantee, these Program Income agreements will be negotiated individually, and reported quarterly by the grantee.

C. DEFINITIONS AND DESCRIPTIONS:

Abandoned Property
Abandoned property is defined as an instance when the mortgage or tax foreclosure process has been initiated for the property, and no mortgage or tax payments have been made in 90 days and the property has been vacant for 90 days.

Affordable Rents: Rents that are the lesser of the Section 8 Fair Market Rents periodically established by U.S. Department of Housing and Urban Development, or rents which are 30 percent of adjusted income for households at up to 120% percent of area median income minus tenant paid utilities.

Blight -- State Statutory Description of Blight:
"Slum area" means an area in which there is a predominance of buildings or improvements, whether residential or nonresidential, and which, by reason of dilapidation, deterioration, age or obsolescence, inadequate provision for ventilation, light, air, sanitation, or open spaces, high density of population and overcrowding or the existence of conditions which endanger life or property by fire or other causes, or any combination of such factors, is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, or crime and is detrimental to the public health, safety, morals, or welfare (31-25-103 C.R.S. 1973, as amended.)

The State recognizes the definition of "blight" as an area which, by reason of the presence of a substantial number of slum, deteriorated, or deteriorating structures, predominance of defective or inadequate street layout, faulty lot layout in relation to size, adequacy, accessibility, or usefulness, unsanitary or unsafe conditions, unusual conditions of title rendering the title non-marketable, or the existence of conditions which endanger life or property by fire and other causes, or any combination of factors, substantially impairs or arrests the sound growth of the municipality, retards the provision of housing accommodations or constitutes an economic or social liability, and is a menace to the public health, safety, morals, or welfare in its present condition and use (31-15-103 C.R.S., 1973, as amended).
The State also accepts local determinations of blight.

Blighted Structure:
A blighted structure has one or more of the following conditions:

(1) Physical deterioration of buildings or improvements;
(2) Abandonment;
(3) Chronic high occupancy turnover rates or chronic high vacancy rates in commercial or industrial buildings;
(4) Significant declines in property values or abnormally low property values relative to other areas in the community;
(5) Known or suspected environmental contamination;
(6) The public improvements throughout the area are in a general state of deterioration.

The State also accepts local determinations of blighted structures.

Continued Affordability for NSP-Assisted Housing
The State of Colorado will ensure long term affordability through the use of a Beneficiary and Use Covenant that will be recorded against the property. If an owner who has been assisted through this program transfers title to the property before the affordability period expires, the assistance provided by the State will be subject to recapture.

The State will mirror the minimum affordability period of the federal HOME Investment Partnership Program, 24 CFR 92.252(a), (c) (e) and (f), and 92.254. The long-term affordability period is based on the dollar amount of final direct subsidy (i.e., the amount of the NSP assistance that enabled the homebuyer to purchase the dwelling unit) in the project and specific regulations for addressing the issues of the sale of a property prior to the end of the long-term affordability period, known as recapture apply. The minimum affordability period is listed below:
• Up to $15,000 = 5 years
• $15,001 - $40,000 = 10 Years
• Over $40,000 = 15 Years
• New Construction = 20 Years
• Multifamily = 30 Years

Grantees will determine locally the method by which their program will comply with federal requirements, choosing to implement recapture provisions or resale provisions, applying the chosen method across all units and beneficiaries served with NSP funds. Shared-equity, graduated forgiveness, and other locally-implemented programs must be recorded at the time of sale to an eligible beneficiary.

Current Market Appraised Value
Current market appraised value is the value of a foreclosed home established through an appraisal made in conformity with the requirements of the URA (49CFR24.103) and complete within 60 days prior to an offer to purchase.

Finance Mechanisms for homeownership: The finance mechanism for any direct assistance (down-payment assistance, affordability subsidy, etc.) must be in the form of a deferred loan. Development subsidies are also eligible costs, but may not be charged to the homebuyer. HOME Program affordability regulations must be followed to ensure that all monthly housing expenses associated with the principle, interest, taxes, and insurance (PITI) for a NSP-assisted house will not exceed 30 percent of the household's monthly income. First mortgages must be of a fixed interest rate and not exceed a 30 year term. Each household benefitting from this activity will be required to attend eight hours of homebuyer education.

Foreclosed Property
A foreclosed property is one that is at the point, as defined by state or local law, where the mortgage or the tax foreclosure is complete and the title for the property has been transferred under a foreclosure proceeding or a transfer in lieu of foreclosure.

Land Bank
A land bank is defined as a governmental or nonprofit entity that assembles, temporarily manages and disposes of vacant land for the purpose of stabilizing neighborhoods and encouraging redevelopment. Such land may be held for no more than 10 years. Under the legislation, grantees may use their emergency NSP allocations to:

- Establish financing mechanisms for the purchase and redevelopment of foreclosed upon homes, and residential properties, including such mechanisms as soft-seconds, loan loss reserves, and shred-equity loans for low- and moderate-income homebuyers;
- Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties;
- Establish land banks for homes that have been foreclosed upon,
- Demolish blighted structures; and
- Redevelop demolished or vacant properties.

Recapture: (sometimes called repayment) is a mechanism to recover all or a portion of the direct assistance if the buyer sells the house during the period of long-term affordability. Direct assistance is determined by the amount of direct assistance (down payment assistance, closing cost assistance, mortgage financing, or interest rate buy down, etc.) that enabled the buyer to purchase the unit. Under this mechanism the homeowner is at liberty to sell the unit to any buyer, at any price the market will bear. Recapture involves the repayment of all or a portion of the assistance provided and includes a formula for shared net proceeds.

Rehabilitation Standards
All entities receiving funds where housing rehabilitation is proposed will be required to verify that they have adopted written Rehabilitation Standards. Written Rehabilitation Standards establish the standards for the rehabilitation work that will bring substandard housing into compliance with the property standard. The written rehabilitation standard prescribes the methods and materials to be used in rehabilitation. The written rehabilitation standards are sometimes referred to as "specs," or specifications, and include details such as the grade of lumber to be used, the number of nails per square foot, the type of material that can or cannot be used for doors serving as fire exits, the distribution pattern and material of roofing tiles, etc.

The written Rehabilitation Standard provides a common basis for contractor bids. This is particularly important because, by ensuring that all contractors are bidding work using identical methods and materials, it enables the entity managing the rehabilitation to make an accurate determination of the cost reasonableness of bids. By holding all contractors to a single rehabilitation standard, consistent, high quality rehabilitation work is assured.

Where rehabilitation to the property is needed, the property must be free from any defects that pose a danger to the health or safety of occupants before occupancy and not later than 6 months after property transfer. Within two years of property transfer to the homebuyer, the property must meet all applicable local codes, rehabilitation standards, ordinances and zoning ordinances, or at a minimum, HQS, at the time of project completion. All construction projects (rehabilitation and new construction) assisted with NSP funds must meet local codes, rehabilitation standards, ordinances and zoning ordinances. In the absence of local requirements, projects must meet the following:

- One of three model codes—Uniform Building Code (ICBO); National Building Code (BOCA);Standard Building Code (SBCC)
- Council of American Building Officials One to Two Family Code (CABO);
- Minimum Property Standards (MPS) in 24 CFR 200.925 or 200.926.

The Colorado NSP program will encourage rehabilitation that increases energy efficiency or provides for renewable energy.

Revenue for the purposes of section 2301(d)(4)
Section 2301(d)(4)(A)(i) defines places limitations provides a 5-year reinvestment period for “any revenue generated from the sale, rental, redevelopment, rehabilitation, or any other eligible use that is in excess of the cost to acquire and redevelop (including reasonable development fees) or rehabilitate an abandoned or foreclosed upon home or residential property…”

Revenue has the same meaning as program income as defined at 24 CFR 670.500(a):
". . . gross income received by the recipient or a sub-recipient directly generated from the use of NSP funds. When program income is generated by an activity that is only partially assisted with NSP funds, the income shall be prorated to reflect the percentage of CDBG funds used."

Under 24 CFR 570.500(a)(1)(iii), program income includes: "Gross income from the use or rental of real property acquired by the recipient or by a subrecipient with NSP funds, less costs incidental to generation of the income;"

D. LOW INCOME TARGETING

Income and Affordability Requirements
To meet HUD income and affordability requirements for NSP, CDOH will ensure that activities that purchase and redevelop abandoned or foreclosed-upon homes or residential properties are directed to only those individuals or families whose incomes do not exceed 120 percent of area median income.

Low Income Set-Aside
The State will set aside a minimum amount equal to 25% of the State’s allocation ($9,479,639) for projects serving households with less than 50% of area median income. Any qualified applicant in Tier 1

of the state's allocation area with an eligible project located in areas within zip codes that contain at least one census block group with a Risk Score of 7, 8, 9 or 10, may apply for these funds. Upon request and for due cause, the State may consider exceptions to this rule to include a Risk Score of "6". Such requests must be made in writing and will not be effective until the State confirms the exception in writing.

In addition, because of the rarity of qualifying multifamily developments in Colorado; due to the lack of consideration of multifamily units in developing the Risk Score; and due to the high impact on neighborhood stabilization that preservation of de facto affordable multifamily housing can provide, applications for multifamily housing serving 50% AMI or below will be considered in any jurisdiction on a case by case basis. Priority will be given to multifamily housing applications in areas within zip codes that contain at least one census tract block group with a Risk Score of 7, 8, 9, or 10."

Preliminary allocations to meet the required low-income set-aside are as follows:

Activity	Total NSP Allocation	Low-Income Estimate (50% AMI)	Notes
1 (a)	$10,787,750	$9,360,450	293 of 322 units – 91%
1 (b)[8]	$20,541,457	$17,809,443	355 of 390+ units – 91%
2 (a)	$19,507,414	$4,447,442	31 of 136 units – 23%
2 (b)[9]	$9,753,707	$1,500,000	16 of 68 units – 23%
3	$2,779,738	$2,446,169	
4	$5,975	$333	3 of 55 units – 5%
5	$1,045,822	$0	0 of 25 units – 0%
6	$3791,856	$0	Administration
Total (a)	$37,918,555	$16,284,394	42%
Total (b)[10]	$37,918,555	$21,755,945	57%
Required		$9,479,639	25%

Administrative Funds Set-Aside

The distribution plan will assume 10% ($3,791,855) will be allocated to program administration costs and will establish an Administrative Funds Set-Aside. These funds will be used for administration by the State and by any localities or nonprofit sub recipients that receive sub allocations, if any, until the end of the affordability requirements. Local governments and nonprofit receiving a sub-allocation from the Project fund would be eligible for up to **2%** of any sub-allocation amount for administration of local programs. It should be noted that local project awards from the State will only be allowed reasonable developer fees and no administration costs when the State retains ongoing oversight of the project. Any Administrative Set-Aside funds deemed by the State to be in excess of the amount necessary to provide project administration and oversight in compliance with Section 2301 (c) (2) of HERA will be made available for project awards.

Activity description: Administrative funds related to carrying out the NSP will be available for general administrative and technical assistance costs. Grantees are provided a specific dollar amount of administrative funds, and must not spend anything other than the exact allocated amount on administrative costs. Administrative costs are not directly related to a specific activity. Administrative costs are reasonable costs to meet the requirements of NSP, including but not limited to program management and oversight, assuring fair housing activities, coordination, monitoring and evaluation; providing information to citizens and local officials, preparing budgets, preparing performance reports, and resolving audit and monitoring findings. It also includes the costs of projects that are determined unfeasible and not completed. All sub-recipient administrative funds must meet the same requirements and are included in the total administrative award.

Colorado Springs Funding Set-Aside

The distribution plan will assume a set-aside for two specific projects in the City of Colorado Springs, plus the remaining Colorado Springs allocation totaling $3,514,490, ($3,904,499 less 10% administration).

Admin for Colorado Springs projects will be awarded in the same way as State allocations. The State may award additional dollars to Colorado Springs.

E. ACQUISITIONS AND RELOCATION

An eligible activity of CDOH sub-recipients under NSP funding will be demolition or conversion of low-and moderate-income dwelling units (i.e., less than or equal to 80% of area median income), when necessary to stabilize a neighborhood. All activities will comply with NSP requirements. It is estimated that no more than 45 units in the state will be demolished (or converted) that serve populations less than or equal to 80% of the area median income as a direct result of NSP assisted activities. It is anticipated that all sites will be redeveloped for housing to serve households with income up to 50% of AMI.

Demolition and Abatement	
Number of units to demolished	45

F. PUBLIC COMMENT:

Provide a summary of public comments received to the proposed NSP Substantial Amendment.

Public Hearings on the Draft Substantial Action Plan were held on Friday November 14, 2008 at 3:00 p.m. in Colorado Springs and 3:30 p.m. in Denver.
No public comments were received at those meetings.

Summarized Public Comments received in writing or by email:
Comment (1) *Wants to know date "in January" when grant requests will be due.*
Susan Andre, Thistle Housing
Response: At the time of the Substantial Amendment due date, the State has not determined a specific date. We will inform stakeholders by the 15th of December.

Comment (2) *Questions regarding Letter of Intent classification, eligibility or editing of information presented included the following organizations:*
Mile High Community Loan Fund; Mercy Housing; NDHC/Del Norte/NEWSED Nonprofit CDC Collaborative; Habitat for Humanity; Urban Land Institute; Arapahoe Mental Health Center; CRHDC, Northern Colorado Consortium.
Response:
The State will include changes for all organizations that submitted Letter of Intent by the October 30, 2008 deadline. The original Letter of Intent sent to CDOH by respondents also serves as our reference for any responding organization.

Comment (3) *The LOI submitted to the State is categorized under Northeast Denver Housing Center; however*

A. We would like to be sure it is categorized under "NDHC/Del Norte/NEWSED NonProfit CDC Collaborative" . (In a tele discussion last week, the DIRECTOR-Kathi of CDOH was not aware of the three different non-profits submittal, this change can give clarity).

B . The Draft -NSP plan posted on the web page, identifies NDHC under the Purchase Rehab of Multi Family - BUT fails to list it under the single family purchase rehab.\sale\rent which is the central and important part of the LOI. Also, the Acq. Demo part lists NE Colorado Housing Center. This may be a typo. In both cases the NDHC/Del Norte/NEWSED Nonprofit Collaborative would be the correct name under the LOI. Getabecha Mekonnen, Northeast Denver Housing Center.
Response: CDOH will make corrections as requested.

Comment (4) *Question about allocations by region*
Kim Snetzinger - NNDC
Response: Clarified information in the plan.

Comment (5) *Request from Habitat for Humanity of Colorado to add them for Activity 2: Acquiring and Rehabilitating Foreclosed Properties. Currently, Habitat for Humanity is only included as a potential partner in Activity 3: Acquisition and Demolition of Blighted Structures. Habitat for Humanity is positioned to complete a total of 100 units statewide – 37 for Activity 2 and 63 for Activity 3. I would also note that every family served through Habitat's programs, and every family served through NSP activities, will receive pre-purchase homebuyer counseling, and therefore Habitat activities could be included in Activity 4. Also add to list of agencies interested in rural areas. Stefka Czarnecki Fanchi, Habitat for Humanity*
Response: CDOH will make corrections/additions as requested.

Comment (6) *Can you change the link for Denver NSP. We have had some changes.*
Doug Selbee, City of Denver
Response: The State made this correction.

Comment (7) *Plan needs greater clarity, specifically in identifying the relationship between the state housing agency and communities that received a direct allocation; methods of allocation to mapped areas in the state and in identifying criteria for grant distribution to eligible partners. The Plan should focus on outcomes that the state is trying to achieve that complement and add value to the efforts being pursued by the communities that received direct allocations. Susan Kirkpatrick, DOLA*
Response: CDOH is reviewing and editing the plan with an eye for greater clarity. CDOH is revisiting allocation methodology and rewriting sections of the plan that relate to the distribution of resources. Kathi Williams, the Director of CDOH will also add an Executive Summary to the document.

Comment (8)-(A). *Recommend that the state specify countermeasure to the effect that purchasing foreclosed homes at a discount will have on surrounding homes and future home purchases. Judi Patrick, CRHDC/CHE*
Response: The State shares the commenter's concern. The State notes that the NSP requires an appraisal that meets the standards of the uniform Relocation Assistance and Real Property Acquisition Policies Act (uniform Act) for each property acquired with NSP funds. We are researching options for the appraisal that both meets the required standards and ameliorates the potential negative impact on surrounding homes.

Comment (8)-(B) *How can land be held for 10 years if funds must be expended within four years? Judi Patrick, CRHDC/CHE*
Response: The State recognizes that NSP funds for acquisition of property for land banking and payment of property maintenance costs will end after four years. If such property is not sold within the four year period, other funds will need to pay for property maintenance costs.

Comment (8)-(C)*: Revenues from rental are defined as program income. Maintaining the property is not a program cost. If the intent is that the rents should cover maintenance, management, and overhead for the rental property, this is not stated. This are needs clarification. Judi Patrick, CRHDC/CHE*
Response: The State believes that the term "revenues" from a rental property applies only to funds that remain after payment of reasonable operating costs and debt service.

Comment (8)-(D): *Concern that costs for counseling would have to be returned. Also seeks guidance on fee structure. Judi Patrick, CRHDC/CHE*
Response: Funds expended for counseling within the four-year time frame do not have to be returned. At this time, the State does not anticipate establishing a specific fee structure for counseling services. All counseling costs must meet the general cost provisions that apply generally to Federal funds. Costs must be necessary, reasonable, and properly documented.

Comment (8)-(E): *Will there be a cap on management fees on rental property (single family and multi-family? Judi Patrick, CRHDC/CHE*
Response: The State does not anticipate prescribing any specific fee schedule or cap. As with other costs, they must be shown to meet general standards for the expenditure of Federal Funds.

Comment (8)-(F): Concern that allowable fees will be added to the cost of homes sold to households at or below 50% of AMI. Judi Patrick, CRHDC/CHE

Response: The sale price of properties to a new owner occupant under NSP may include costs such as reasonable development fees in addition to costs of acquisition and rehabilitation. This is a maximum amount. The State anticipates that funded entities intending to sell properties to households at or below 50% of AMI will carefully structure such sales to consider long-term financial viability.

Comment (8)-(G): Consider repayment requirements based on shared equity approach. Judi Patrick, CRHDC/CHE

Response: The State agrees that a shared equity approach has merit and will consider authorizing this approach where requested by the entity seeking NSP funding

Comment(9): *Wanted express disappointment in the total dollars allocated to Weld County. There seems to be a disparity of funding based on the actual situation and needs of the various communities. I would like the decision makers to reconsider and increase the funding for Weld County.*
Weston S. Kurz, Weld/Greeley Housing Authority Chairman

Response: CDOH is revisiting allocation methodology and ranking of multiple foreclosure indicators across the entire state. The state will also consider the amounts that were awarded to NSP Entitlements as part of the overall consideration for funding. Pertinent sections of the plan will be clarified in consideration of changes in methodology.

Comment(10)*-(A) The jurisdictions of Aurora, Colorado Springs, Denver, and Adams County have already received a direct NSP allocation, the City of Englewood would prefer that $14.68 million earmarked for these jurisdictions from the State's NSP allocation be reallocated to meet the unfunded needs of other areas of the State, especially along the Front Range. Janet Grimmett, City of Englewood*

Response: The State is revising its allocation methodology in consideration of the points made by stakeholders.

Comment(10)-(B)*The City also requests that any program income be retained by the local jurisdiction rather than being returned to the State to be tracked and redistributed. Redistribution can best be decided at the local level. Janet Grimmett, City of Englewood*

Response: CDOH considered permitting local jurisdictions to retain the program income they generated through use of NSP funds, but decided to have it returned to the state because 1) it simplifies the reporting of program income to HUD and 2) it permits the reallocation of program income to other areas of greatest need as they change over the term of the NSP program.

Comment(10)-(C)*In Activity 2 (the Purchase/Rehabilitation of Abandoned Foreclosed Single Family Properties), the City requests that the sale of properties be included as an example of the activity, with long-term affordability ensured through the use of a deed of trust in favor of the local government not the State recorded on the property, using the affordability period of the HOME Investment Partnership Program as the minimum. Janet Grimmett, City of Englewood*

RESPONSE: The State will consider the request, but will leave the Action Plan as it is currently worded while consulting legal counsel on the best way to structure the legal documents such as the deed of trust, promissory note and affordability restrictions on properties funded with the NSP.

Comment(10)-(D)*The statement for* <u>*Davis Bacon Labor Standards*</u> *should be clarified. We believe Davis Bacon Labor Standards are required for new construction projects of 8 units or more over $2,000 - not as stated "for new construction for projects over $2,000"*. *Janet Grimmett, City of Englewood*

RESPONSE: 24 CFR 570.603 states "However, these requirements apply to the rehabilitation of residential property only if such property contains not less than 8 units." Since it does not reference new construction, we believe our interpretation is correct.

Comment (11)-(A): *Would the proposed workshops offered by HUD to explain the mechanics of how to carry out the various Activities be provided to all responsible organizations (once they receive approval and funding) whether or not they are currently HUD certified? Michelle Nabors, RMCLT*

RESPONSE: The Division of Housing is not aware of any proposed workshops offered by HUD on how to carry out the activities and in any case has no control over to whom they are offered.

Comment (11)-(B): *Will the state create any type of tracking system to identify the properties that responsible organizations are under contract to purchase? Michelle Nabors, RMCLT*
Response: The State is seeking a way to create a database of properties that would serve as a central resource for NSP recipient organizations and will consider using it to record which properties are under contract by those recipients.

Comment (12)*: We believe this amendment should reflect some funds going to southwest Colorado. Jennifer Lopez, Regional Housing Alliance of La Plata County*
Response: CDOH is revisiting allocation methodology and ranking of multiple foreclosure indicators across the entire state. The state will also consider the amounts that were awarded to NSP Entitlements as part of the overall consideration for funding. Pertinent sections of the plan will be clarified in consideration of changes in methodology.

Comment (13)*:* Please consider the following language:
"Any applicant in any jurisdiction with a qualified single family project located in areas within zip codes that contain at least one census tract block group with a Risk Score of 8,9, or 10, may apply for these funds. In addition, due to the rarity of qualifying multi-family developments in Colorado, due to the lack of consideration of multifamily units in developing the Risk Score, and due to the high impact on neighborhood stabilization that preservation of de facto affordable multifamily housing can provide applications for multifamily housing serving 50% AMI or below will be considered in any jurisdiction on a case by case basis. Priority will be given to multifamily housing applications in areas within zip codes that contain at least one census tract block group with a Risk Score of 8, 9, or 10." David Klimut, Colorado Coalition for the Homeless

Response: Language has been changed to reflect blocks scoring 7, 8, 9, or 10 and language citing case by case basis.

Public Comments were solicited on the Draft Substantial Amendment to the Action Plan Friday, February 5 through Friday, February 19, 2010.
Summarized Public Comments received in writing or by email:

Comment (1)*: After reading the proposed action plan amendment I do not see that Gunnison County is included. Please include Gunnison County in the NEW NSP Action Plan. Thank you.*
Katherine T. Gazunis, Gunnison County Housing Authority

Response: The amendment opens up our NSP Action Plan for multi-family activities statement, rather than calling out specific areas, so that we could do multi-family anywhere demonstrating foreclosure (see pages 19 and 20 of the draft). However, we could certainly be more specific in the activity description. The following sentence will be added on page 31, in point 5 (location description), after the word "Pueblo": *", as well as any other area in the state of Colorado in which foreclosure of multi-family properties occurs and need can be demonstrated locally for community stabilization."*

Comment (2): *I'm concern[ed] with the Action Plan, as the State will begin purchasing MF [multifamily] properties that have not been foreclosed or abandoned as indicated in the following statement "The State of Colorado is adjusting its strategy and priorities for activity use of NSP dollars, shifting to work directly with lenders to identify troubled and foreclosing properties, particularly in the multi-family market. The State and its grantees will work through lenders to restructure ownership and financing, investing minimal NSP dollars in acquiring and rehabilitating, instead leveraging new debts where needed and feasible." I hope you realize NSP funds can not be use for "foreclosing properties" you have to document the property was foreclosed (title transferred) or abandoned to use NSP.*
Cherré Palenius, Minnesota Housing Partnership

Response: The State absolutely understands the requirement, but that does not preclude us from identifying troubled properties that will be foreclosed on in advance.

Comment (3): *Agreed, you are correct. Deed in Lieu of foreclosure is considered "foreclosed" as long as the title transfer occurs before expenditure of NSP dollars.*
Cherré Palenius, Minnesota Housing Partnership

Response: Thank you.

Comment (4): *Page 23 and 42 talk about the need for an appropriate appraisal, but on page 23 it says within 60 days "prior" to the purchase offer, and page 42 says within 60 days "of" the purchase offer. Page 42 language matches the regulation language, so, if it can be changed, you might consider making the two statements match to say within 60 days "of" the purchase offer.*
Laura Allen-Hatcher, City of Aurora

Response: The NSP Notice uses the wording "The current market appraised value means the value of a foreclosed upon home or residential property that is established through an appraisal made in conformity with the appraisal requirements of the URA at 49 CFR 24.103 and completed within 60 days prior to an offer made for the property by a grantee, subrecipient, developer, or individual homebuyer." The State will use the Notice language in all places, "within 60 days prior to an offer…"

Comment (5): *Page 42 talks about relocation – says no funds in the State initiative may be used for relocation, except temporary. It also says that grantees may only use State funds to acquire vacant properties. Our Landbank budget has a relocation line item. The nature of our Landbanking activity is Acq and Demo of Blighted properties for holding – the fact that our budget includes relocation assumes that we may acquire an occupied property and need to permanently relocate the tenants prior to demo.*

Response: Thank you for calling to our attention the discrepancy. The State of Colorado NSP Action Plan will allow as eligible expenses relocation costs, both temporary and permanent, as allowed in the CDBG entitlement regulations, under 24 CFR 570.201(a) Acquisition, (i) Relocation. The following language from the Federal Register will be placed on page 42 of the amendment, replacing the existing language regarding relocation (to which you refer): "HUD does not have the authority to waive or specify alternative requirements to the URA's acquisition policies or relocation provisions. Those requirements that do not conflict with HERA continue to apply. HUD is not specifying alternative requirements to the relocation assistance provisions at 42 U.S.C. 5304d)."

Comment (6): *Please clarify in the Substantial Amendment whether redevelopment of blighted, vacant property is allowed outside of a land bank model under the 'Acquisition and Demolition of Blighted Structures' – the State's Activity 3. This is eligible under HUD NSP regulations when combining Activities D and E; blighted structures can be demolished, then redeveloped, if vacant. It does not currently appear as though the State's plan allows blighted structures to be redeveloped immediate, rather than being land banked.*
Carol E. Larsen, Greeley Urban Renewal Authority

Response: The State of Colorado did not intentionally disallow any NSP activity in its Action Plan that is allowable under the Federal Register, or the Community Development Block Grant Program. Redevelopment of blighted, vacant property IS allowed outside of a land bank model under the 'Acquisition and Demolition of Blighted Structures,' and has been corrected in Activity 3, page 37, to include ", redevelop," in (4) Activity Description, after the words "Land Banking." Also added to clarify eligible uses of NSP funds by property type, is "NSP Eligible Uses by Property Type" – Appendix 11 of the Substantial Amendment to the Action Plan.

Comment (7): *First, ULC would like to express strong support of the State's amendment to increase the focus on multi-family activities. It is our our ongoing conviction that multi-family housing is integral to the success and impact of neighborhood stabilization.*

Second, as multi-family housing becomes a higher priority within the NSP Action Plan, we would stress the need to ensure multi-family purchases be strategic, through focusing on permanent affordability and location near transit. The preservation of affordable housing near transit will positively leverage the financial impact upon low and moderate income persons.

Finally, we support leveraging NSP investment with other resources to acquire and rehab multi-family properties in order to produce the highest results feasible to serve low and moderate income persons.

We appreciate the NSP training opportunities the State provides and solicit the supportive efforts of the State in identifying eligible multi-family properties to provide affordable housing through the NSP program.

ULC's experience and commitment lead us to embrace permanent affordability, location near transit, and the leverage of resources as key elements to the success of neighborhood stabilization and the benefits it brings to low and moderate income households. Thank you,
Cindy Everett, Urban Land Conservancy

Response: It continues to be the intention of the State to make use of the opportunity presented by NSP to make strategic decisions with the funds in stabilizing neighborhoods, through and creating or preserving affordable housing in key locations. The expansion of multi-family activities statewide not only reacts to the shift in the housing market since the inception of NSP, but also allows greater opportunity to make creative and strategic decisions to improve availability of rental housing for the households at the area median income of greatest need.

NSP INFORMATION BY ACTIVITY

Activity Number	Activity Name	Use	Assisted Units	Amount
1 (a)	Purchase and Rehabilitate Multifamily Properties	Purchase and rehabilitate Multifamily Properties in order to rent to low- and very-low income families	322	$10,787,750
1 (b)[11]	Purchase and Rehabilitate Multifamily Properties	Purchase and rehabilitate Multifamily Properties in order to rent to low- and very-low income families	390+	$20,541,457
******************************As Proposed/Anticipated After Assessment******************************				
2 (a)	Purchase and Rehabilitate Abandoned or Foreclosed Single-Family Properties	Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed in order to sell or rent.	136	$19,507,414
2 (b)[12]	Purchase and Rehabilitate Abandoned or Foreclosed Single-Family Properties	Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed in order to sell or rent.	68	$9,753,707
******************************As Proposed/Anticipated After Assessment******************************				
3	Acquisition and Demolition of Blighted Structures	Acquire and Demolish Blighted Structures	N/A	$2,779,738
4	Pre- and Post-Purchase Homebuyer Counseling	Provide pre and post homebuyer counseling	N/A[13]	$5,975
5	Establish/Coordinate Funding Mechanisms	Establish or coordinate funding mechanisms to assist buyers with purchase and rehabilitation of foreclosed homes	25	$1,045,822
6	Program Administration	Administer State NSP Program		$3,791,856
	TOTAL			$37,918,555

***All amounts are estimates, subject to revision. Additional funds to be combined and leveraged with NSP resources remain to be determined.**

ACTIVITY 1

(1) Activity Name: Purchase/Rehabilitation of Abandoned or Foreclosed Multifamily Properties

(2) Activity Type:
NSP – Section 2301(c)(3)(B) Purchase and rehabilitate (multi-family) residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties
CDBG – 24 CFR 570.201

(a) Acquisition
(b) Disposition,
(i) Relocation , and

570.202 eligible rehabilitation and preservation activities

(3) National Objective(s):
Benefit to Low-, Moderate-, and Middle-Income Persons, HERA 2301 (f)(3)(A)
CDBG – 24 CFR 570.208(a)(3)

(4) Activity Description:
This activity will provide funds to purchase and rehabilitate available multifamily structures to create mixed-income affordable rental units, units targeted primarily, but not exclusively, to households at or below 50% of AMI.

The current inventory of available foreclosed properties is small. Within the 18 month implementation time frame, funds may be allocated as specific opportunities are identified by potential partners. All multifamily properties will serve areas of greatest need although the actual site may not be within specific block groups identified as having the highest risk score.

(5) Location Description:
This activity will be carried out in the following Areas of Greatest Need: Adams, Arapahoe, Broomfield, Denver, Douglas, El Paso, Jefferson, Pueblo and Weld Counties, and the Cities of Aurora, Colorado Springs and Pueblo, as well as any other area in the state of Colorado in which foreclosure of multi-family properties occurs and need can be demonstrated locally for community stabilization.

CDOH will defer to the wishes of local government in funding activities in local jurisdictions.

(6) Performance Measures:
Units of housing: 322
At or below 50% AMI 293
51-80 percent AMI 29

(7) Total Budget: $10,787,750 of NSP resources is targeted to this activity.

(8) Responsible Organization:
Colorado Department of Local Affairs
Division of Housing
1313 Sherman Street, Room 518
Denver, CO 80203
Pat Coyle, Director

Potential Partners:

Adams County
Adams County HA
Arapahoe Douglas Mental Health
Arapahoe County
Aspen Diversified Industries
City of Aurora
Funding Partners
Greccio Housing
Greeley/Weld County
Habitat for Humanity of Colorado
Jefferson County
Mercy Loan Fund

Arapahoe Mental Health Center	Mile High Community Loan Fund
Boulder/Broomfield Counties	NDHC/Del Norte/NEWSED Collaborative
Colorado Coalition for the Homeless	Northern Colorado Consortium
Colorado Rural Housing Develop. Corp.	Project Restore
Community Housing Development Corp.	City of Pueblo
City and County of Denver	Rocky Mountain Community Land Trust
CRHDC	City of Thornton
Denver Mental Health	Urban Land Conservancy
El Paso County Economic Development	Other Nonprofit Organizations

(9) Projected Start Date: January 15, 2009 **Funds Received/Start Date:** MARCH 10, 2009

(10) Projected End Date: March 10, 2013 (development period; lower income occupancy, longer term)

(11) Specific Activity Requirements:

Discount rate: Except as set forth below, the average purchase discount for all properties purchased with NSP funds during the 18-month use period shall be at least one (1) percent, as amended in the October 6, 2009 Bridge Notice. The average purchase discount shall be at least 10 percent if the State determines the maximum reasonable discount for each purchase transaction through use of a methodology that results in a discount equivalent to the total carrying costs that would be incurred by the seller if the property were not purchased with NSP funds (provided the discount is at least 1 percent).

Such methodology shall provide for an analysis of the estimated holding period for the property and the nature and amount of the carrying costs of holding the property for this period. Such carrying costs shall include, but not be limited to taxes, insurance, maintenance, marketing, overhead and interest. The State or its contractor will document this analysis for each purchase transaction.

Interest rate: Financing terms will be flexible based on the project needs and the availability and terms of other funding. Awards may include grants or loans ranging from 0% to higher interest rates consistent with feasibility and sound underwriting. Other loan terms will be evaluated on a case by case basis.

Duration of assistance: Period of affordability will meet minimum requirements of the HOME Program based on the amount of NSP funds invested.

Tenure of beneficiaries: Renters

Continued affordability: The State of Colorado will ensure long term affordability through the use of a Beneficiary and Use Covenant that will be recorded against the property. If an owner, who has been assisted through this program, tranfers title to the property before the affordability period expires, the assistance provided by the State will be subject to recapture.

The State will **mirror** the minimum affordability period of the federal HOME Investment Partnership Program, 24 CFR 92.252(a), (c) (e) and (f), and 92.254. The long-term affordability period is based on the dollar amount of final direct subsidy (i.e., the amount of the NSP assistance that enabled the homebuyer to purchase the dwelling unit) in the project and specific regulations for addressing the issues of the sale of a property prior to the end of the long-term affordability period, known as recapture apply. The minimum affordability period is listed below:
• Up to $15,000 = 5 years
• $15,001 - $40,000 = 10 Years
• Over $40,000 = 15 Years
• New Construction = 20 Years
• Multifamily = 30 Years

ACTIVITY 2

(1) Activity Name: Purchase/Rehabilitation of Abandoned or Foreclosed Single-family (SF) Properties

(2) Activity Type: Purchase/Rehabilitation of Abandoned for Foreclosed SF Properties
NSP – Section 2301(c)(3)(B) Purchase and rehabilitate (single-family) residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties
CDBG – 24 CFR 570.201

(a) Acquisition
(b) Disposition,
(i) Relocation , and

570.202 eligible rehabilitation and preservation activities

First Right of Refusal Upon Sale c/o Nonprofit, CLT, Self-Help Housing for Long-Term Affordability

(3) National Objective:
Benefit to Low-, Moderate-, and Middle-Income Persons, HERA 2301 (f)(3)(A)
CDBG – 24 CFR 570.208(a)(3)

(4) Activity Description:
The State will fund activities that address the needs of neighborhoods with high foreclosure rates, high-cost loans/subprime lending and the risk of future foreclosures by creating mechanisms for bulk-buying or to facilitate "first look" of foreclosed properties and making those properties available to nonprofit agencies that can rehab and either rent or sell those properties as market conditions warrant.

The Division of Housing will facilitate a process to acquire homes that have been foreclosed, vacant for at least 90 days, and are on the lender's or investor's current inventory. Once foreclosed properties have been identified in the target areas, the facilitator and/or the local jurisdiction will negotiate with lenders to obtain the maximum reasonable discount for use in the program (see (11) below).

After facilitator obtains a listing of negotiated available lender owned properties, qualified and approved Housing Partners will be provided the listings of available properties in the targeted areas identified by the State to facilitate the purchase.

The State will allow and pay for development fees that are fair and reasonable as part of the acquisition and rehabilitation process. Development fees and other soft/project related costs associated with the acquisition and rehabilitation shall be considered "Program Delivery" type costs and will be charged to the individual projects assisted.

Individual Transactions: If an abandoned or foreclosed-upon home or residential property is to be sold to an individual as a primary residence, a profit may not be earned on such sale.

(5) Location Description:
This activity will be carried out in the following Areas of Greatest Need: Adams, Arapahoe, Broomfield, Denver, Douglas, El Paso, Jefferson, Pueblo and Weld Counties, and the Cities of Aurora, Colorado Springs and Pueblo, as well as any other area in the state of Colorado in which foreclosure occurs and need can be demonstrated locally for community stabilization.

Activities will be targeted to those income eligible blocks with HUD Risk Scores of 7, 8, 9, or 10 in the selected geographic areas based on HUD NSP data, and other comparable data that point to areas with the greatest problems. The State will be responsive to the needs of local governments in making determinations. [Upon request and for due cause, the State may consider exceptions to this rule to include a Risk Score of "6". Such requests must describe in writing, the reason for the request, the justification, and must provide specific data on foreclosures, foreclosure density, depreciating property values, and vacant or abandoned units. Such changes shall not become effective until the State confirms the exception in writing].

(6) Performance measures:

Units of housing: 161
At or below 50 percent AMI 31
51-80 percent AMI 23
81-120 percent AMI 107

(7) Total Budget: $20,553,236 of NSP resources is targeted to this activity.

(8) Responsible Organization:

Colorado Department of Local Affairs
Division of Housing
1313 Sherman Street, Room 518
Denver, CO 80203
Pat Coyle, Director

Potential Partners:

Adams County
Adams County HA
Alpha Omega
Adams County HA
American Sunrise Communities
Arapahoe County
Arapahoe Douglas Mental Health
Boulder/Broomfield Counties
Colorado Coalition for the Homeless
Colorado Housing of S.W. Colorado
Conservancy Community Land Trust
CRHDC
Denver Neighborhood Reclamation Group
Denver Urban Renewal Authority
Denver, City and County
El Paso County Economic Development
Englewood, City of
Funding Partners
Greeley/Weld County
Housing Solutions for the Southwest
James Resource Network
Jefferson County
Mercy Housing
MGL Partners
180 House
Mile High Community Loan Fund
NDHC/Del Norte/NEWSED
Northeast Colorado Coalition
Northglenn Neighborhood Dev. Corp.
Opportunities in Living
Project Restore
Pueblo, City of
Rocky Mountain Community Land Trust
Signet Partners
Thistle Community Land Trust
Thornton, City of
Tri County Housing
Upper Arkansas COG
Urban Land Conservancy
Urban Land Conservancy
Ute Mountain Ute Tribe
Mile High Community Loan Fund
NDHC/Del Norte/NEWSED
Other Nonprofit Organizations

(9) Projected Start Date: January 15, 2009 **Funds Received/Start Date:** MARCH 10, 2009

(10) Projected End Date: March 10, 2013

(11) Specific Activity Requirements

Discount rate: Except as set forth below, the average purchase discount for all properties purchased with NSP funds during the 18-month use period shall be at least one (1) percent, as amended in the October 6, 2009 Bridge Notice. The average purchase discount shall be at least 10 percent if the State determines the maximum reasonable discount for each purchase transaction through use of a methodology that results in a discount equivalent to the total carrying costs that would be incurred by the seller if the property were not purchased with NSP funds (provided the discount is at least 1 percent).

Such methodology shall provide for an analysis of the estimated holding period for the property and the nature and amount of the carrying costs of holding the property for this period. Such carrying costs shall include, but not be limited to taxes, insurance, maintenance, marketing, overhead and interest. The State or its contractor will document this analysis for each purchase transaction.

Interest rate: Range of interest rates 0-6.75%

Duration of assistance: Period of affordability will mirror the requirements of the HOME Program based on the amount of NSP funds invested.

Tenure of beneficiaries: Renters and Owners (as market conditions warrant)

Continued affordability: The State will **mirror** the minimum affordability period of the federal HOME Investment Partnership Program, 24 CFR 92.252(a), (c) (e) and (f), and 92.254. The long-term affordability period is based on the dollar amount of final direct subsidy (i.e., the amount of the NSP assistance that enabled the homebuyer to purchase the dwelling unit) in the project and specific regulations for addressing the issues of the sale of a property prior to the end of the long-term affordability period, known as recapture apply. The minimum affordability period is listed below:

- Up to $15,000 = 5 years
- $15,001 - $40,000 = 10 Years
- Over $40,000 = 15 Years
- New Construction = 20 Years
- Multifamily = 30 Years

ACTIVITY 3

(1) Activity Name: Acquisition and Demolition of Blighted Structures

(2) Activity Type: Acquisition and Demolition of Blighted Structures
NSP – Section 2301(c)(3)(C) Establish land banks for homes
that have been foreclosed upon, (D) Demolish blighted structures, and (E) Redevelop demolished or vacant properties
CDBG - 24 CFR 570.201
(a) Acquisition;
(b) Disposition; and
(d) Clearance for blighted structures only.
24 CFR 570.204 new construction (as modified by NSP)

(3) National Objective:
Benefit to Low-, Moderate-, and Middle-Income Persons, HERA 2301 (f)(3)(A)
CDBG – 24 CFR 570.208(a)(1) or (a)(3)

(4) Activity Description:
Acquire blighted structures at discount of at least 1% as required per October 6, 2008 Bridge Notice.
Demolish and hold for Land Banking, redevelop, or dispose for Self-Help Housing Construction to serve households at or below 50% of AMI.

(5) Location Description:
This activity will be carried out in the following Areas of Greatest Need: Adams, Arapahoe, Broomfield, Denver, Douglas, El Paso, Jefferson, Pueblo and Weld Counties, and the Cities of Aurora, Colorado Springs and Pueblo, as well as any other area in the state of Colorado in which foreclosure occurs and need can be demonstrated locally for community stabilization.

(6) Performance Measures:
Number blighted units demolished and held for Land Banking or sold for Self-help Housing: N/A[14]
At or below 50 percent AMI N/A
51-80 percent AMI N/A
81-120 percent AMI N/A

(7) Total Budget: $2,779,738

(8) Responsible Organization: Various Nonprofit Organizations:

Adams County
Adams County HA
Boulder/Broomfield Counties
Colorado Coalition for the Homeless
Denver, City and County
Denver Urban Renewal Authority
Douglas County Housing Partnership
El Paso County Economic Development
Funding Partners
Greeley/Weld County
Habitat for Humanity
Mercy Loan Fund
Mile High Loan Fund
Habitat for Humanity of Colorado
Jefferson County
Northeast Colorado Housing Center
Northern Colorado Coalition
Pueblo, City of
Signet Partners
Tri County Housing
Urban Land Institute
Urban Land Conservancy District

(9) Projected Start Date: January 15, 2009 **Funds Received/Start Date:** MARCH 10, 2009

(10) Projected End Date: March 10**, 2013**

(11) Specific Activity Requirements:

Discount rate: Except as set forth below, the average purchase discount for all properties purchased with NSP funds during the 18-month use period shall be at least one (1) percent, as amended in the October 6, 2009 Bridge Notice. The average purchase discount shall be at least 10 percent if the State determines the maximum reasonable discount for each purchase transaction through use of a methodology that results in a discount equivalent to the total carrying costs that would be incurred by the seller if the property were not purchased with NSP funds (provided the discount is at least 1 percent).

Such methodology shall provide for an analysis of the estimated holding period for the property and the nature and amount of the carrying costs of holding the property for this period. Such carrying costs shall include, but not be limited to taxes, insurance, maintenance, marketing, overhead and interest. The State or its contractor will document this analysis for each purchase transaction.

Interest rate: Range of interest rates 0-6.75%

Duration of assistance: Period of affordability will mirror the requirements of the HOME Program based on the amount of NSP funds invested.

Tenure of beneficiaries: Owners and Renters

Continued affordability:
The State will **mirror** the minimum affordability period of the federal HOME Investment Partnership Program, 24 CFR 92.252(a), (c) (e) and (f), and 92.254. The long-term affordability period is based on the dollar amount of final direct subsidy (i.e., the amount of the NSP assistance that enabled the homebuyer to purchase the dwelling unit) in the project and specific regulations for addressing the issues of the sale of a property prior to the end of the long-term affordability period, known as recapture apply. The minimum affordability period is listed below:
• Up to $15,000 = 5 years
• $15,001 - $40,000 = 10 Years
• Over $40,000 = 15 Years
• New Construction = 20 Years
• Multifamily = 30 Years

ACTIVITY 4

(1) Activity Name: Pre-purchase Homebuyer Counseling

(2) Activity Type:
NSP – Section 2301(c)(3)(E) Redevelopment
CDBG – 24 CFR 570.201(e) – Public Services

(3) National Objective:
Benefit to Low-, Moderate-, and Middle-Income Persons, HERA 2301 (f)(3)(A)
CDBG – 24 CFR 570.208(a)(3)

(4) Activity Description:
Provide at least 8 hours of HUD-approved Pre-purchase Homebuyer Counseling for prospective buyers of rehabilitated or redeveloped properties.

(5) Location Description:
This activity will be carried out in the following Areas of Greatest Need: Adams, Arapahoe, Broomfield, Denver, Douglas, El Paso, Jefferson, Pueblo and Weld Counties, and the Cities of Aurora, Colorado Springs and Pueblo, as well as any other area in the state of Colorado in which foreclosure occurs and need can be demonstrated locally for community stabilization.

(6) Performance Measures:
Number of Households Receiving Pre-purchase Homebuyer Counseling: 55

(7) Total Budget: $5,975

(8) Responsible Organization:
Various Nonprofit Organizations

- Colorado Rural Housing Dev. Corp (Adams)
- Denver, City and County
- Funding Partners
- Adams County Housing Authority
- Mercy Loan Fund
- Mile High Community Loan Fund
- NDHC/Del Norte/NEWSED Collaborative
- American Sunrise Communities
- Colorado Housing Assistance Corp.
- Partners in Housing
- Habitat for Humanity of Colorado
- Greeley Weld Housing Authority
- Colorado Housing Finance Authority

(9) Projected Start Date: January 15, 2009 **Funds Received/Start Date:** MARCH 10, 2009

(10) Projected End Date: March 10**, 2013**

(11) Specific Activity Requirements:
None

ACTIVITY 5

(1) Activity Name: Establish/Coordinate Funding Mechanisms
CDOH may establish financing mechanisms through for purchase (acquisition) and redevelopment of foreclosed upon homes and residential properties, including soft seconds, loan loss reserve, and shared equity loans for low- and moderate-income homebuyers.

(2) Activity Type: Establish Financing Mechanisms (Include NSP eligible use & CDBG eligible activity)
Eligible Activities – 24 CFR 570.201, HERA 2301(3)(A)

- o Acquisition
- o Disposition
- o Relocation, and
- o Direct homeownership assistance

24 CFR 570.202, HERA 2301(3)(B) eligible rehabilitation and preservation activities for homes and other residential properties

(3) National Objective:
Benefit to Low-, Moderate-, and Middle-Income Persons, HERA 2301 (f)(3)(A)
CDBG – 24 CFR 570.208(a)(3)

(4) Activity Description:

CDOH will establish financing mechanisms through for purchase (acquisition) and redevelopment of foreclosed upon homes and residential properties, including soft seconds, loan loss reserve, and shared equity loans for low- and moderate-income homebuyers

The State will fund activities that address the needs of neighborhoods with high foreclosure rates, high-cost loans/subprime lending and the risk of future foreclosures by creating mechanisms for bulk-buying or to facilitate “first look” of foreclosed properties and making those properties available to nonprofit agencies that can rehab and either rent or sell those properties as market conditions warrant.

The Division of Housing will facilitate a process to acquire homes that have been foreclosed, vacant for at least 90 days, and are on the lender’s or investor’s current inventory. Once foreclosed properties have been identified in the target areas, the facilitator and/or the local jurisdiction will negotiate with lenders to obtain the maximum reasonable discount for use in the program (see (11) below).

After facilitator obtains a listing of negotiated available lender owned properties, qualified and approved Housing Partners will be provided the listings of available properties in the targeted areas identified by the State to facilitate the purchase.

Properties assisted under this activity can be in the form of a grant.

The State will allow and pay for development fees that are fair and reasonable as part of the acquisition and rehabilitation process. Development fees and other soft/project related costs associated with the acquisition and rehabilitation shall be considered “Program Delivery” type costs and will be charged to the individual projects assisted.

Individual Transactions: If an abandoned or foreclosed-upon home or residential property is to be sold to an individual as a primary residence, a profit may not be earned on such sale.

(5) Location Description:
This activity will be carried out in the following Areas of Greatest Need: Adams, Arapahoe, Broomfield, Denver, Douglas, El Paso, Jefferson, Pueblo and Weld Counties, and the Cities of Aurora, Colorado Springs and Pueblo, as well as any other area in the state of Colorado in which foreclosure occurs and need can be demonstrated locally for community stabilization.

(6) Performance Measures:
Units of housing
At or below 50% AMI N/A

(7) Total Budget: None of NSP Resources are targeted to this activity.

(8) Responsible Organization: (Describe the responsible organization that will implement the NSP activity including its name, location, and administrator contact information.)
Colorado Department of Local Affairs
Division of Housing
1313 Sherman Street, Room 518
Denver, CO 80203
Pat Coyle, Director

The State will solicit through multiple Requests for Proposals (RFPs) for organizations/partners to participate in the program.

Potential partners include:

- Colorado Rural Housing Develop. Corp (Adams)
- Denver, City and County
- Funding Partners
- Colorado Housing Finance Authority
- Mercy Housing Loan Fund
- Habitat for Humanity
- Douglas County Housing Partnership
- Green Courte Partners
- Alpha Omega Consulting
- Mile High Loan Fund
- National Community Stabilization Trust
- Private Sector Lending Institutions
- Urban Land Conservancy

(9) Projected Start Date: January 15, 2009 **Funds Received/Start Date:** MARCH 10, 2009

(10) Projected End Date: March 10**, 2013**

(11) Specific Activity Requirements:

Discount rate: Except as set forth below, the average purchase discount for all properties purchased with NSP funds during the 18-month use period shall be at least one (1) percent, as amended in the October 6, 2009 Bridge Notice. The average purchase discount shall be at least 10 percent if the State determines the maximum reasonable discount for each purchase transaction through use of a methodology that results in a discount equivalent to the total carrying costs that would be incurred by the seller if the property were not purchased with NSP funds (provided the discount is at least 1 percent).

Such methodology shall provide for an analysis of the estimated holding period for the property and the nature and amount of the carrying costs of holding the property for this period. Such carrying costs shall include, but not be limited to taxes, insurance, maintenance, marketing, overhead and interest. The State or its contractor will document this analysis for each purchase transaction.

Interest rate: Range of interest rates 0-6.75%

Duration of assistance: Period of affordability will meet minimum requirements of the HOME Program based on the amount of NSP funds invested.

Tenure of beneficiaries: Owners and Renters

Continued affordability: The State will **mirror** the minimum affordability period of the federal HOME Investment Partnership Program, 24 CFR 92.252(a), (c) (e) and (f), and 92.254. The long-term affordability period is based on the dollar amount of final direct subsidy (i.e., the amount of the NSP assistance that enabled the homebuyer to purchase the dwelling unit) in the project and specific regulations for addressing the issues of the sale of a property prior to the end of the long-term affordability period, known as recapture apply. The minimum affordability period is listed below:

- Up to $15,000 = 5 years
- $15,001 - $40,000 = 10 Years
- Over $40,000 = 15 Years
- New Construction = 20 Years
- Multifamily = 30 Years

ACTIVITY 6

(1) Activity Name: **Administration of NSP Program**

(2) Activity Type: Program Administration (NSP Notice Section II.H.4.) CDBG – 24 CFR 570.205 and 570.206

(3) National Objective: NA

(4) Activity Description: Administration of NSP Program.
Administrative funds related to carrying out the NSP will be available to eligible jurisdictions for general administrative and technical assistance costs. Grantees are provided a specific dollar amount of administrative funds, and must not spend anything other than the exact allocated amount on administrative costs. Administrative costs are not directly related to a specific activity. Administrative costs are reasonable costs to meet the requirements of NSP, including but not limited to program management and oversight, assuring fair housing activities, coordination, monitoring and evaluation; providing information to citizens and local officials, preparing budgets, preparing performance reports, and resolving audit and monitoring findings. It also includes the costs of projects that are determined unfeasible and not completed. All sub-recipient administrative funds must meet the same requirements and are included in the total administrative award.

(5) Location Description: CDOH and funded subrecipients

(**6) Performance Measures:** NA

(7) Total Budget: $3,791,856

(8) Responsible Organization:
Colorado Department of Local Affairs
Division of Housing
1313 Sherman Street, Room 518
Denver, CO 80203
Pat Coyle, Director

(9) Projected Start Date: October 6, 2008 (see (11) below)

(10) Projected End Date: March 10, 2013

(11) Specific Activity Requirements:
CDOH will seek reimbursement from NSP funds for pre-award costs as authorized II.C. of the NSP Notice.

H. WEBSITE PUBLICATION
The following documents are available on the CDOH website, available for download and review at: http://www.dola.colorado.gov/cdh/NSP.htm

HUD allocations for Neighborhood Stabilization
Substantial Amendment to Action Plan

Appendices:
Appendix 1: Memorandum of Understanding between the City of Colorado Springs and the State of Colorado
Appendix 2: Methodology for Determining Allocations for Direct NSP Recipients.
Appendix 3: Criteria and Data
Appendix 4: Explanation of Factors for Scoring Non-Entitlement Area Foreclosures
Appendix 5: Census Blocks w/ 7-10 Risk Score
Appendix 6: Letters of Intent to Apply for Neighborhood Stabilization Funds
Appendix 7: 18 Month Foreclosure Statistics
Appendix 8: Income Limits and Fair Market Rents for the Neighborhood Stabilization Program
Appendix 9: Memorandum of Understanding Between Arapahoe County and the State of Colorado
Appendix 10: Request for Lead Agency; City of Greeley through Greeley Urban Renewal Authority, between Weld County and the State of Colorado
Appendix 11: NSP Eligible Uses by Property Type

Other Documents Posted:
Memo and Letter of Intent to Apply
Neighborhood Stabilization Program Final Rules from Federal Register
HUD's Neighborhood Stabilization Program Web Page
NSP Overview – PowerPoint created by Colorado Division of Housing
NSP Web Resources and Training Opportunities
Income Limits and Fair Market Rents for the Neighborhood Stabilization Program

OTHER INFORMATION

POLICIES AND REGULATIONS
Adjustable Rate Mortgages: No adjustable rate mortgages can be used by persons acquiring houses assisted with these funds. Mortgages must be for a fixed rate for a minimum of 30 years.

Davis Bacon Labor Standards are required for new construction and housing rehabilitation projects of 8 units or more.

Demolition: Applicants must provide projected outcomes for all properties demolished with NSP funds.

Eminent Domain: These funds can not be used in conjunction with properties acquired through eminent domain under the State's initiative.

Environmental Review: All activities and projects must comply with the 24 CFR Part 58.

Housing Counseling: Each homebuyer assisted with these funds is required to receive and complete at least 8 hours of home-buying counseling from a HUD-approved housing counseling agency before obtaining a mortgage loan. The counseling can be funded with these funds.

Property Acquisition: All acquired properties must be acquired at a discount below their current appraised value. Each transaction will require a current appraisal completed within 60 days prior to an offer made for the property.

Relocation Activities: The State of Colorado NSP Action Plan will allow as eligible expenses relocation costs, both temporary and permanent, as allowed in the CDBG entitlement regulations, under 24 CFR 570.201(a) Acquisition, (i) Relocation. The following language from the Federal Register will be placed on page 42 of the amendment, replacing the existing language regarding relocation (to which you refer): "HUD does not have the authority to waive or specify alternative requirements to the URA's acquisition policies or relocation provisions. Those requirements that do not conflict with HERA continue to apply. HUD is not specifying alternative requirements to the relocation assistance provisions at 42 U.S.C. 5304d)."

Sales to Homebuyers: The sales price to homebuyers must not exceed the cost of acquisition and rehabilitation or redevelopment up to a decent, safe and habitable condition.

Subprime Mortgages: No subprime mortgages can be used by persons acquiring houses assisted with these funds under the State's initiative.

Uniform Relocation Act: All property acquisition is subject to the requirements of the Uniform Relocation and Real Properties Act. This applies to both voluntary and involuntary transactions.

Income limits**:** All funds must be used for families and individuals with incomes up to 120% of the area median, and at least 25% for those with income up to 50% of the area median. The housing must remain affordable for the longest period practicable, as determined by HUD'S HOME Affordability Standards.

Monitoring: In order to successfully administer the Community Development Block Grant (CDBG) Neighborhood Stabilization Program (NSP), the Colorado Division of Housing (CDOH) developed a monitoring policy to ensure that this program is in compliance with applicable State and Federal guidelines beginning with the grant inception. During the course of this grant, effective September 29, 2008 - July 30, 2013 and any additional years that this funding is being administered, CDOH Asset Managers (AMs), Developers (DEVOs) and other contracted staff will monitor project performance in a variety of ways.

Reporting System: Recipients of NSP funding will be required to submit quarterly performance reports to CDOH. CDOH will use the Disaster Recovery Grant Reporting (DRGR) system for financial and outcome reporting as designated by HUD for use with this grant.

---

[1] Activity 1 (Purchase and Rehabilitate Multifamily Properties) is listed above as currently budgeted, (a), and as proposed/anticipated following forthcoming progress assessments, (b).

[2] Activity 2 (Purchase and Rehabilitate Abandoned or Foreclosed Single-Family properties) is listed above as currently budgeted, (a), and as proposed/anticipated following forthcoming progress assessments, (b).

[3] Units of homeownership assistance (homebuyer counseling) indicated in State of Colorado Action Plan reflect only those budgeted for funding via NSP dollars. Grantee agencies partnering with outside nonprofit organizations to provide homebuyer counseling, or those rolling service provision costs and other sources for the homeownership assistance activity are **NOT** reflected numerically in Activity four (4), rather are included within the scope of their Single Family projects.

[4] Plan approved by HUD and funds were made available to the State of Colorado March 10, 2009.

[5] "House Prices Increase Slightly in Third Quarter," Federal Housing Finance Agency, Nov. 24, 2009, http://www.fhfa.gov/webfiles/15235/3q09HPI%5B1%5D.pdf

[6] Calculation for Colorado Springs: Entitlement Grant $3,904,989, less admin allocation of $390,499, plus additional "proportional funding" $162,085 = $3,676,575.

[7] It is the intention of the State of Colorado that all grantees funded with NSP dollars will be eligible, regardless of proposed activities in initial letter of interest or application, to engage in any and all of the activities eligible for use of NSP funds.

[8] Activity 1 (Purchase and Rehabilitate Multifamily Properties) is listed above as currently budgeted, (a), and as proposed/anticipated following forthcoming progress assessments, (b).

[9] Activity 2 (Purchase and Rehabilitate Abandoned or Foreclosed Single-Family properties) is listed above as currently budgeted, (a), and as proposed/anticipated following forthcoming progress assessments, (b).

[10] Total is listed above as currently budgeted, (a), and as proposed/anticipated following forthcoming progress assessments, (b).

[11] Activity 1 (Purchase and Rehabilitate Multifamily Properties) is listed above as currently budgeted, (a), and as proposed/anticipated following forthcoming progress assessments, (b).

[12] Activity 2 (Purchase and Rehabilitate Abandoned or Foreclosed Single-Family properties) is listed above as currently budgeted, (a), and as proposed/anticipated following forthcoming progress assessments, (b).

[13] Units of homeownership assistance (homebuyer counseling) indicated in State of Colorado Action Plan reflect only those budgeted for funding via NSP dollars. Grantee agencies partnering with outside nonprofit organizations to provide homebuyer counseling, or those rolling service provision costs and other sources for the homeownership assistance activity are **NOT** reflected numerically in Activity four (4), rather are included within the scope of their Single Family projects.

[14] Until such time as eligible properties for land banking are identified by CDOH grantees, number of units to be demolished cannot be identified.